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6 AUGUST 1986

# West Europe Report

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## COMMENTATOR VIEWS PROBLEMS IN RELATIONS WITH UNITED STATES

Vienna DIE PRESSE in German 28/29 Jun 86 p 5

[Commentary by Engelbert Washietl: "Crashing Into Reality--Austrian-United States Ill-Feeling Contains an Opportunity for a New Beginning"]

[Text] During the entire postwar period there has not been as much of a crisis in the relationship between the United States and Austria as there has been during the presidential election campaign. Mutual suspicion is deep-rooted and has increased on both sides. Statements critical of the United States can be heard in Austria, of all places inside that conservative camp which had always combined statements about its attachment to the free West with loyalty to the United States. Even though the new government is hard pressed to clean up the debris and is engaged in an image-improvement campaign, we must a priori understand one thing: there is no way to return to the old situation of the Austrians' somewhat naive unquestioning belief in the United States. But perhaps this crash into reality contains an opportunity for establishing a meaningful new relationship.

When Kurt Waldheim takes the oath of office as Federal President on 8 July, he will be honored, among others in the diplomatic corps, by the ambassador of Greece. The Greek government sees neither domestic nor foreign policy reasons nor "moral" grounds for boycotting the ceremony, even though everything the presidential candidate has been accused of in connection with his German army service relates to the Salonika area. As of now, U.S. Ambassador Ronald S. Lauder on the other hand, will not be present--he has said that family matters will require his absence from the Austrian federal capital on that date. It might not be beneficial for him and for his future career if the U.S. TV networks were to show him together with Waldheim--he does not say this, but it is easy to imagine.

Thus even on the "day after" there remains between Austria and the United States an indigestible matter which cannot simply be described as a lack of understanding or a misunderstanding. The Austrians, be they pro- or anti-Waldheim, have learned that a superpower like the United States, motivated by strong public opinion and the activities of the lobbyists around the Capitol, will at best observe a pregnant silence toward the weaker party or will, if necessary, dispatch a telegram containing good wishes from President Reagan which is so strongly hedged as to resemble the Delphic oracle:

"...cooperation with you and your government in the interest of further promoting the existing close ties..." (Excerpt from President Reagan's congratulatory telegram to Federal Chancellor Vranitzky, June 1986.)

The deputy director of the Office of Central European Affairs of the U.S. State Department, Michael Habib, who explored the situation in Vienna in the middle of June, was not far off the mark when he earnestly asked his interlocutors whether there had been a change in attitude toward the United States in Austria. Such a change had indeed been determined by the Imas Institute, whose poll showed that, in 24 percent of those interviewed, their opinion of the Americans had worsened. However, it cannot be determined whether such changes are mere surface ripples or whether they are the result of a deep, subterranean movement. Added to this is the fact that Austria is only a small part of Europe. Habib, who had at one time worked at the embassy in Bonn, noted during this exploratory trip that FRG Foreign Minister Hans-Dietrich Genscher had undergone a radical change; the one-time Atlantic Treaty enthusiast has become a critic of U.S. foreign policy which apparently functions in accordance with rules which are hardly compatible with European reality. Similar difficulties exist in Washington's relations with France, which denied overflight permission to U.S. bomber squadrons on their way to Libya.

In this context, Austrians must redouble their efforts to make certain that differences of opinion which have cropped up are not exacerbated, but rather dealt with in open discussion. This was after all accomplished in the heavy turbulence involving technology transfer: Austrian and U.S. diplomats agree that this problem has been settled almost completely since the change in Austrian foreign trade law (late 1984), and that is is "no longer acute." The remainder of U.S. objections to happenings on Austrian international traffic routes concerns only so-called unbroken transit, i.e., the passage of sealed freights through the country, which are of course not subject to official inspection.

Efforts are being made at this moment to contradict accusations by U.S. official sources concerning a lack of counter-terrorist measures, which have been accepted at face value by the U.S. public. The foreign affairs ministry has entered into this argument by publishing a catalog of measures already taken, be they technical, political or police related; also, foreign policy activities, e.g., the revision of relations with the states concerned, which in the case of Libya has already shown some results. Says an Austrian diplomat: "Our record is better than the Americans have assumed."

In late 1982, the government approved a concept for relations with the United States for the period 1983-1986, which stated that "the foreign policy of ever-neutral Austria must strive for understanding and empathy in the United States." This is still valid. However, the radical change in the overall situation caused by the Waldheim affair is best demonstrated by this passage concerning the media sector: "While the degree of recognition for Austria in the United States is relatively low, the initial situation for efforts by the Austrian media is not at all discouraging"--a sentence of which today almost the opposite is true. This is true also of some additional



observations: 80 percent of newspaper articles concerning Austria fell into the "positive" category. Next week the press attache in Washington should be happy to be able to clip some "positive" reports in connection with the "Vienna 1900" exposition after a long period of drought. Good or bad--the name Austria has during the last few months received transcontinental attention to a degree which, in comparison with prior years, amounts to a revolution. As late as 1982, pertinent statistics indicated that "there are no articles about Austria in about two-thirds of 1800 U.S. daily newspapers."

New Foreign Minister Peter Jankowitsch is convinced that the new disturbances at government level will be the easiest to repair. Said Jankowitschi in a PRESSE interview: "The real problem is public opinion; the first big difficulty in this image situation is that we will have to deal with an unfavorable public opinion. This is a task which goes far beyond the government and its officials. We must do this in the proper way, i.e., we must not manipulate public opinion, but we have to speak the truth." Basically, the point must be made at all levels of contact that the relationship with Austria must not be judged on the basis of the results of 3 months of election campaigns, but rather that the entire postwar period should be scrutinized, all the way to the State Treaty and the policy of asylum for Russian Jews. Jankowitsch tells his representatives that they must meet U.S. statements in an active and resourceful manner rather than wait for instructions from Vienna.

"Our policies in meeting with the East and the West, North and South demonstrate that we are far removed from everything that happened between 1938 and 1945. There is no common ground at all. We have found an entirely different relationship with Germany. We are a normal and, in our opinion, useful member of Western democratic society," says Jankowitsch. When he, who knows the United States well from his time spent in New York, is asked about the new relationship between Austria and the United States, he denies the possibility of a large-scale change in attitude, but he does recognize a more realistic and detailed manner of looking at the situation: "This entire anti-Austrian campaign has of course demonstrated that we cannot automatically count on the Americans' sympathy. Without ever saying so out loud, we have always somehow had the feeling that this is our protective power--that it would always hold us in the palm of its hand. Now we see that this has certain preconditions. I do not foresee any large-scale anti-Americanism... There certainly is a disturbance in the friendly basic relationship; from the standpoint of order of magnitude, it would certainly be more tragic if the United States develops an Anti-Austrian attitude, than the other way around.

It would certainly be an exaggeration to assume that the entire country is becoming oriented toward the East. But the situation nevertheless provides food for thought. The question is: what can we rely on in America?"

The opposition party is not prepared either to pretend that nothing has happened. "Austria is entitled to complain about the Americans," declares Austrian People's Party [OeVP] deputy Andreas Khol; however he cites domestic issues too: "Waldheim is now reaping the harvest of Bruno Kreisky's misdeeds."

Khol is referring particularly to the "would-be Near East intermediary Kreisky" who hypersensitized U.S. diplomacy, which was later partially corrected by two people: U.S. Ambassador Helene von Damm and Federal Chancellor Fred Sinowatz.

[Insert] "I cannot imagine any greater cordiality or kindness than that with which we have been received." (Secretary of Defense Weinberger on his visit to Austria, 21 May 1986.)

Foreign Affairs Minister Lanc too, despite his reputation as the liaison man with the left wing of his party, is said to have tried to improve relations with the United States. "Under Lanc, the Foreign Affairs Ministry has followed a very solid, realistic policy." However, in the final analysis and exacerbated by the Waldheim affair, a certain mood swing in Austria cannot be denied: "The old Reader's Digest mentality--American potatoes are good, Russian ones always bad--no longer exists in Austria. There is a lot of outrage in the population. It is directed against 'foreign countries,' without making any distinctions."

In other words, something has happened; at the same time one must not forget that in Austria certain dislocations have taken place within the political spectrum. We remember the many years during which the OeVP opposition, more or less successfully, but always with great energy, demanded a greater tilt toward the West in Austrian foreign policy; denounced the slightest anti-American deviation on the part of the Young Socialists, Kreisky or the ALLGEMEINE ZEITUNG; and loudly complained about alleged violations of Israeli interests in Near East policy. Now, after foreign attacks on the OeVP's presidential candidate and future Federal President, the loudest complaints against the United States come precisely from the conservative camp.

As Jankowitsch indicated in the quotation cited above, this will have little impact in the United States. However, within elite U.S. political circles the question should arise whether in view of the general crisis in European-U.S. relations such tendencies should perhaps be damped. There are some indications that at least at the government level some efforts are underway to paper these cracks over; but there is evidence also of rather cavalier treatment of European friends--and the Austrians are not the only ones complaining about that. The correspondent of one U.S. newspaper who has been based in Europe for some years and who is thus familiar with conditions on both sides of the Atlantic, analyzes the secret of the present U.S. attitude as follows: not too long ago, especially during the Carter administration, the major political circles in Washington were practically obsessed with the desire to be beloved by the whole world. Today, he continues, there has been a change in attitude and the United States wishes to proceed on its own course without consideration of, and interference by, anyone else in the world.

For Austria the disturbed relationship with the U.S. public constitutes a regrettable fact. Regardless of U.S. media readiness to go along or refusal to do so, efforts must be made to rechannel constructively the differences of

opinion between the superpower and the tiny country on the Danube, for which there has been no precedent during the postwar years--to move from hateful recriminations and general distrust to factual discussions. While it is true that the media quickly move on to other stories, it is inconceivable that such matters as the credibility of a chief of state, war crimes and antisemitism would be suppressed if prominent Austrians are to visit the United States. These shadows will fall over the next visit by the Austrian Federal Chancellor. The Austrians would be well advised to learn to do what is normally against their nature: openly and without self-pity to state that problems do exist, and to propose means for dealing with those problems.

The situation is made considerably more difficult by the fact that it is empirically difficult to measure what is going on, since it is mostly happening in the psychological dimension. The numerical drop in U.S. tourism for instance can be much more readily explained as a result of the weakness of the dollar, undifferentiated fear of terrorism and horror stories about radioactivity, than as a result of the Waldheim syndrome. This is proven by the fact that U.S. tourists are avoiding other countries with tourist attractions and not only Austria. Trade continues to flourish.

[Insert] "The Art of Forgetting." [TIME magazine cover story about Austria, 9 June 1986).

The group of Austrian delegates for North American trade, which met in Vienna this week, had no reason for worry that the media war against Austria would have a negative impact on export figures. Said the head of the North American Department in the Federal Chamber of Commerce, Heinz Wimpissinger: "Until now the matter has not damaged us economically." The high level of activity attained in 1985 is therefore likely to continue: with exports totaling 16.5 billion schillings, Austria had operated in the black for the first time in more than 10 years. The feeling in the Ministry of Foreign Affairs, where presently the results of the 1983-1986 concentration effort are being evaluated, is that a concentrated deployment of personal and financial resources had shown the desired impact.

A concentration of resources was paramount also in the deliberations of the trade delegates: in future advertising efforts a better distinction will be made between products which should be promoted as part of the overall Austrian provenance propaganda (which will be the case in such matters as tourism of "emotionally charged" gourmet foods) and those where the emphasis must be placed on advertising the product itself. In the case of complicated machinery for instance, this would provide much better sales arguments than a mere touting of their Austrian manufacture.

In the meantime Federal Chancellor Franz Vranitzky is still waiting to see whether there is still a chance for him to visit the United States prior to the National Council elections. He is making obvious efforts to ameliorate the disturbance in U.S.-Austrian relations. No, he says, there is no growing anti-Americanism in Austria; and if the traditional friendly attitude of the Austrians toward the United States has been clouded, this is certainly nothing but a passing phase. On the other hand, the government, its official



representatives and in fact all Austrians who have U.S. contacts, must contribute to the refutation of the distorted picture of Austria as an "antisemitic country" by citing the facts of the matter. In his PRESSE interview, Vranitzky declared that "in the heat of the election campaign a certain rhetoric surfaced which is repugnant to me and surely to all other Austrians. As the world's leading industrial nation, the United States is certainly of exceptional importance to us. It is obvious that we must explain our position there at all levels, and that we will make that effort. It will not be enough to make cosmetic corrections. In our subsequent actions, we must prove that as a country and as a people we have nothing to reproach ourselves for." As to when Austria's image in the media would once again return to normal, he said, is difficult to predict. "The length of the healing period depends upon the readiness of their systems to let themselves be convinced by Austrian arguments."

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## VRANITZKY'S PROBLEMS, PROSPECTS FOR SUCCESS ANALYZED

Zurich DIE WELTWOCHE in German 19 Jun 86 p 5

[Article by Inge Santner: "The Suicide Mission of Franz Vranitzky/With a New Chancellor and a New Government Team, the SPOe [Austrian Socialist Party] Wants To Avert the Threatening Election Defeat in 1987"]; first paragraph is boxed item.

[Text] Doubts Appropriate--A new Austrian Federal Chancellor, Franz Vranitzky, has been sworn in at the Vienna Hofburg. Both friends and enemies of the 48-year-old Socialist head of government attest to his self-assurance, objectivity, and supreme competence in economic matters. Nevertheless there is reason to doubt that by the time of the next parliamentary elections, 4 April next year, he will manage to solve all the problems that have accumulated in the past few years.

The breakneck Vienna personnel merry-go-round has come to a stop; the change of faces on Ballhausplatz [seat of Fed. Chancellery] has been completed. On Friday the 13th, of all days, Vienna's new Federal Chancellor, Franz Vranitzky, presented a thoroughly revamped SPOe-FPOe [Austrian Liberal Party] government team. Now, "faced with a challenge and in the suspense of joyous expectation," it will begin its work, he announced.

This sounds like the unbridled new approach that befits the image of the successor of Sinowatz. A former banker and former finance minister, Vranitzky--48 years young and appearing at least 5 years younger--pulls up his shirt-sleeves with that certain "watch out, here I come" charm of a fit athlete. He appears to be bursting with untapped energy.

A spectator of this latest Austrian political spectacle at once starts feeling optimistic. Just in time he recalls that this Vranitzky in his young days played 48 times as a forward on the red-white-red national basketball team, a player with a good shot, eager for action, and indefatigable. Might he not perhaps be able, after all, to turn the final period of the Socialist era into a new beginning--at least for the SPOe and perhaps even for Austria?

That would require a veritable miracle. The average kind of luck just won't do, because the accumulated problems are too great, the time of

9 1/2 months until the next parliamentary elections on 4 April 1987 is too short, and the challenges are too disparate.

Unquestionably Franz Vranitzky is an excellent man of the attractive type of modern pragmatists who paradoxically can definitely be trusted to have at their disposal not only greater prudence but more principles than narrow minded ideologues. Both friends and enemies attest to his self-assurance, agreeable objectivity, and supreme competence in economic matters. Yet his chances of succeeding appear to be minimal. His appointment bears all the traits of a suicide mission.

The "pinstripe chancellor,"--so called because of his predilection for conservative sartorial elegance--is confronted with an Austrian political landscape in complete turmoil. Even trained connoisseurs of the Danube republic think they suddenly are on an unknown planet. The triumph of OeVP [Austrian People's Party] candidate Kurt Waldheim in the presidential elections of 8 June, they think, jeopardizes all past certainties. For 16 years the Socialists have clearly been number 1 in the country. Likewise for 16 years, the people's parties in opposition on the right have tried in increasing frustration for modest territorial gains. The population resembled a concrete colossus. Ministers came and went, Bruno Kreisky's star fascinated and waned, scandals galore shook the republic--but little changed in parliamentary elections. Invariably a costly struggle revolved around some ten thousand undecided voters. A priori 80 to 85 percent of Austrian voters vote consistently for the two major parties.

In the past few months, however, there has been some movement in the rigid fronts. The mudslinging for and against Waldheim--certainly the most distasteful election campaign since 1945--has damaged the traditional structures. Was it due to the new Green, to the old Brown [Nazi] emotions? To the disastrous news from the state economy? To the SPOe functionaries grown fat and lazy, who display agility only when their Or, purely and simply, to the notoriously boring Sinowatz, who just does not and would not comprehend that Austrian domestic politics require a sizable measure of stage effects? Whatever the cause, the electorate today is in a surprising pell-mell and manifestly wants a different kind of politics. The previously so rare undecided voters--to be more precise, voters who may be prepared to switch--already constitute 40 percent of the electorate.

#### Tactics or Bluff

An election at this moment would reverse the result of the last parliamentary election, in 1983. The OeVP would now be the party with the most votes. The Socialists would find themselves pushed back to second place. The previous "third power" in the form of the FPÖe would be reduced to such a pitiful state that no one would dare to form a coalition with it. On the other hand, the various Green organizations which did not manage to get any seats 3 years ago might obtain more than 10 percent of the vote, and a few more seats in parliament. Considering everything, almost certainly a "grand coalition" would be formed by the OeVP and SPOe, headed by a Black [OeVP] federal chancellor.

In light of this current scenario, it immediately becomes apparent what the Socialists had in mind when they changed horses on Ballhausplatz.

Vranitzky is to spare them the threatening election defeat in 1987 and a consequent conservative turn of events. His most important and basically sole task--whether through clever strategy or by sheer bluff--is to make possible a relative Socialist majority in order that the future Federal chancellor too may be a Red [SPOe] party member and staunchly defend the Red positions of power. Anything else appears to be of no more than secondary importance to the demoralized and depressed comrades.

A primitive task, in other words? In theory, to be sure. In everyday affairs, however, it might very quickly lead to a hardly believable simultaneous dance on several ropes.

Vranitzky is being asked no less than to steer a government course which, on the one hand, causes the habitual Socialist voters who are trying to get away to observe discipline and, on the other hand, satisfies both the liberal "Kreisky voters" and the intellectuals overtaking on the left. In addition, certain fringes of the OeVP are to be persuaded that they do not really need to vote Black in the first place, because right-wing SPOe man Vranitzky is conducting the better economic policy anyway--that is, he is preempting the desired conservative turn of events within the Socialist Party.

There are several, not to say a whole batch of, aggravating circumstances.

First, there is the not exactly optimal composition of the Vranitzky team, which bears a fatal resemblance to last reserves. The fact that the head of government for his part talks of a "dream cabinet" (what else should he do?) cannot cover up the weak points. The last reshuffle is already the fifth since 1983. Of the first ministers team which Sinowatz summoned upon Kreisky's departure, only five ministers remain. Most of the remainder left under a cloud without having come up with any acceptable political successors. So the cadres from among which Vranitzky had to pick his team proved to be correspondingly thin. The result: A finance minister, Ferdinand Lacina, who admits he is tired of office; an agriculture minister, Erich Schmidt, who has no idea of agriculture; a politically inexperienced minister for nationalized industry, Rudolf Streicher, who was appointed manager of the Steyr Works only a couple of months ago and has left a painful gap there; and, on top of it, a foreign minister, Peter Jankowitsch, who was among those who initiated the campaign against Waldheim and thus is likely to be in a permanent clinch with the man who, it happens, has become president.

Secondly, there is the dramatically brief period of almost exactly 9 1/2 months, and no more. Known as someone who works deliberately, Vranitzky finds himself forced to race against time. His fate depends on the question as to whether he will really manage to make credible at record speed a) himself and b) his concepts of his office.

## Giant Indebtedness

Thirdly, there is the shaky, internally totally split coalition partner, the PFOe, tied to the superpower SPOe, feels it is being cheated of the hoped-for opportunities of creating an image for itself. It might very well happen that Vranitzky wakes up one morning and cannot find the FPOe deputy chancellor, Norbert Steger, because an aversion against the Red marriage partner is growing not only among the liberal politicians but also among the liberal infantry. A solid 65.4 percent of FPOe supporters on 8 June voted for OeVP presidential candidate Kurt Waldheim, while a mere 21.5 percent, in line with the coalition, voted for the Socialist Kurt Steyrer.

And fourthly--last but not least--there is a difficult Austrian economic situation. The sins of omission of an entire decade are literally falling on the head of the newcomer Vranitzky.

Cheating is not permitted any longer. Nothing is to be gained any longer by stalling promises and ever new white rabbits being pulled out of the top hat of the supreme state magician. The rightly suspicious Austrians are tired of believing any kind of faith healers, of applauding any kind of seeming solutions, of accepting any kind of appeasing gifts which, experience has shown, are followed fairly soon by a bill. They are asking a kind of oath of disclosure from their head of government about what he thinks of the many pending vital problems of the country:

--Is Vranitzky sincerely attempting to reform the budget, which as a result of the huge borrowing of the socialist era is burdened to the very limit? As late as 10 years ago, the average debt per Austrian household amounted to not even 5,000 Swiss francs, whereas in 1986 it is 27,000 francs. Total indebtedness has reached the sum of 63 billion francs, and new indebtedness in the current budget year (with Vranitzky as finance minister in charge) amounts to a horrendous 8.2 billion, or 4.7 percent of the GNP. (For comparison, that of the Federal Republic is no more than 1.3 percent.)

--Will Vranitzky capitulate to the labor union lobbies by agreeing to a lowering of the wage tax, adding another 2 billion francs to the budget?

--Will Vranitzky be able to lead the sickly state-owned enterprises, from VOeST [United Austrian Iron and Steel Works] on down, out their deficit without causing a parallel bloodbath among the workers employed by them?

In the administrative area of VOeST alone, 3,500 to 4,000 jobs are wobbling.

--And, further, what ideas does Vranitzky have to save, just before a big crash, the no longer affordable welfare state which the SPOe regards as its principal achievement?

## Support by the Adversary

Questions and more questions--there is no lack of them, particularly because an especially unfavorable wind has been blowing from abroad since



the Waldheim election, tourism now is reaching record figures on the Mediterranean rather than in the Alps, and export orders are receding alarmingly.

It is no surprise to anyone that, according to an ad hoc poll by the Gallup Institute, most voters do not exactly expect a sensational upswing from the government. Of those questioned, 71 percent said laconically that there would be virtually no change at all ("issues cannot be resolved through changes in personnel"). The remaining 29 percent are divided exactly into optimists and pessimists--half predicting a more favorable, half a more negative trend in the labor market.

Yet Vranitzky perhaps will not have to do entirely without some substantial allies. Of all things, he may be hopeful of support from a quarter where, according to customary democratic rules, it can be expected least--the opposing People's Party.

So far the return of the triumphant opposition on the right to the voters' favor definitely has been due more to the Fed low than to its own high. Its supporters continue to be looking in vain for substantive alternatives to the government's policies. Even the now again fashionable support of performance and oldfashioned morality is causing incomprehensible difficult difficulties to the OeVP leadership.

Until the Black fighters around Alois Mock pull themselves together at long last and base their claim to leadership on some ideas, the miracle of another SPOe victory remains at least vaguely imaginable. In that case, you see, Vranitzky, who makes a decidedly bourgeois impression and also puts forth bourgeois arguments, might recommend himself to the disgruntled conservatives as the better OeVP chancellor.

8790/9190

CSO: 3620/737

FOREIGN MINISTER: SDP MISCALCULATED IN LINKING WITH SF PARTY

Copenhagen AKTUELT in Danish 10 Jun 86 pp 10-11

[Article by Foreign Minister Uffe Ellemann-Jensen: "Under the Yoke of the Footnotes"; first two paragraphs are AKTUELT introduction]

[Text] Is it the government or the Social Democratic Party which is oppressed under the yoke of the footnotes, the foreign minister asks?

The minister thinks that the Social Democratic Party began its resolution policy in order to tease the government, but now it is about to lock itself firmly into a coalition with the SF [Socialist People's Party], which is pursuing different security policy goals than the Social Democratic Party.

After a Folketing session with a great number of security policy resolutions which have resulted in a number of Danish footnotes to NATO statements, it can be reasonable to sit down and think over where the demonstration policy is leading us in foreign and security policy.

Earlier it was the case that the Social Democratic Party in the government emphasized Danish viewpoints within the alliance. I am thinking of Haekkerup's policy for the European Security Conference at the beginning of the 70's, of K.B. Andersen's policy toward South Africa in the middle of the 70's, and Kjeld Olesen's proposal regarding deferment of the two-track resolution regarding INF deployment at the end of the 70's. But when the Social Democratic Party came into the opposition at the beginning of the 80's, Danish isolation with the resolution policy began.

I remember a conversation I had with a foreign minister from a country in the Third World who wanted to hear about Denmark's INF policy. I explained the Danish opposition, and he asked:

[Question] Where will the weapons come from?

[Answer] The USA.

[Question] And where will they be deployed?

[Answer] England, West Germany, Italy, Holland and Belgium.



[Question] Then there will be none for Denmark?

[Answer] No.

[Question] But then you are also against weapons' being transferred from one of your allies to another of your allies?

[Answer] Yes.

[Comment] This I indeed call prestige!

The story is not only true, but also good for demonstrating the outside world's problems with understanding our policy.

Whether we should have had these INF weapons or not I will let rest in this connection. I will just draw attention to the fact that the Soviet Union now, when the weapons are present in West Europe, is apparently ready to scrap its weapons if NATO scraps its own.

When the USA proposed a zero solution before the deployment at the Geneva talks, there were no concessions by the Soviet side.

The same way with the American plans for a space defense program (SDI), which became the next stage of the Social Democratic footnote "strategy."

Actually the USA has none of these weapons, and will get them at the turn of the century at the earliest. Some American researchers think that they will never become a reality.

But just the American plans forced the Soviet Union back to the negotiation table in Geneva, where they are now asserting that they would agree to a mutual reduction of 50 percent of strategic weapons. Previously there could be a question just of considering promises when the Americans proposed reductions.

Or in the question regarding a stop to nuclear testing, where we in Denmark agreed about the desirable aspect of a general stop to nuclear testing:

Here it is no use to do just as the Social Democratic Party is, which is directing every criticism against the USA because it has planned its test series to the spring of 1986, while the Soviet Union concluded its series in the summer of 1985 and after this declared a unilateral halt.

No superpower lets itself be pressured in this way! And they are well aware of this in the Kremlin.

But there is always readiness to reap a cheap propaganda gain.

The same with chemical weapons.

All parties in Denmark advocate the abolition of chemical weapons. But now it is just the case that the Soviet Union is continuing to produce new weapons while the West has refrained from doing this for many years.

Should we, then, when the USA wants to begin again and when we ourselves have said no to having such weapons deployed, protest unilaterally to the USA?

This was what the left-wing parties wanted, while we in reality together with Holland and Norway in NATO could point out our opposition to the weapons and our scruples concerning new production.

Or the Social Democratic initiative concerning a nuclear-weapons-free zone in northern Europe.

Now when Denmark, Sweden, Norway and Finland do not have nuclear weapons in peace time--whereas the Soviet Union has many. When Denmark and Norway themselves can decide whether they want to receive the weapons in a time of crisis or war. Why, then, turn against our alliance's strategy, which certainly involves the possibility of a defense with nuclear weapons, since the Warsaw Pact has immense superiority in the conventional area?

The Social Democrats, who say that they want peace and detente in Europe, are in this way only creating distrust and new tension.

The nuclear reactor accident at Chernobyl in the Soviet Union certainly showed us that in reality nothing has changed in the Soviet Union!

The new leadership with Gorbachev at its head talks about the new open style, but when the accident occurred, and there really was need for openness, their own people were not informed, nothing was told to the socialist "fraternal" countries, which had to receive reports from the West, and the rest of the world was not informed!

I do not think that here it is a question of ill will on the part of the Soviet Union, but it is a question of the traditional Soviet closed attitude toward the outside world and indifference to the individual.

Chernobyl does not mean that we are not to negotiate and make agreements with the Soviet Union. But we must always be aware ourselves that a new style with a better functioning Soviet propaganda machine is not equivalent to a new political system.

It is for this reason that the resolution and footnote policy is a yoke!

We are certainly in a coalition with friends in the North, in West Europe with The Twelve, and in NATO, where we are trying to strike a line for the creation of confidence, detente and arms reduction.

But when we constantly place ourselves outside and dissociate ourselves--make footnotes--then of course we are losing influence in our own circle.

And at the same time our detente policy loses credibility in East Europe, for it certainly is not the same as any Western position.

Moscow is hardly especially interested in assurances that Denmark with a "nonoffensive" defense system will not attack the Soviet Union. But, on the other hand, certainly in using Denmark for creating a split in NATO!

We have just had the alternative to the resolution, footnote and demonstration policy demonstrated in the best way at the NATO foreign ministers conference in Halifax.

Some newspapers talked about the crisis in NATO and difficulties in East-West relations. But in reality a healthy and open dialogue took place between West Europe and the USA regarding our policy toward the Soviet Union.

For the world situation certainly can appear different from Washington to Bonn, not to mention from Los Angeles to Copenhagen. But this is precisely why we have our meetings in the alliance.

It is splendid to be able to speak out about real problems without our necessarily having to demonstrate in pronouncements abroad that we do not agree in every respect regarding the tactics we must choose in order to achieve the goal we agree on: to ensure peace and create detente and, possibly, disarmament.

And it is this question which really worries me.

The Social Democratic Party, which began its resolution policy in order to tease the government, is now about to lock itself firmly into a coalition with the Socialist People's Party, which is pursuing quite different security policy goals than the Social Democratic Party.

Gert Petersen has, indeed, often both said and written that he is an opponent of EC and NATO, that he considers the USA a greater threat than the Soviet Union, and that he wants to go ahead with a neutralist policy.

This is of course Gert Petersen's business, and I do not want to meddle. He is allowed to hold this opinion. But this was not the Social Democratic Party's policy previously, and it is still not the Social Democratic voters' policy.

But the problem could have been lived with if it had just led the Social Democratic Party to wandering in the wilderness. But it is more serious when it results in general lack of credibility regarding Denmark's foreign policy.

Here we ought all to stand together, regardless of a lack of consensus on how and when we are to present our views.

The tragic reality is that the Social Democratic Party has come under the yoke of its own footnotes!

Let us hope for the country's sake that they soon will be able to move away from the yoke again.

8831

CSO: 3613/159

## SOFRES REPORTS CHIRAC LOSS, MITTERRAND GAIN

Paris LIBERATION in French 19 Jun 86 p 2

[Article by Eric Dupin: "Polls: Chirac Falls, Mitterrand Gains"]

[Text] Jacques Chirac and his government work decline in the polls while François Mitterrand recovers a semblance of state of grace. Three months after the "alternance" [March 1986 election], two polls, BVA and SOFRES [French Opinion Polling Company], report a spectacular phenomenon of communicating vessels. The chief of state is reaping the advantage of his situation as president-arbitrator, whereas the prime minister is beginning to suffer from the lack of popularity of the governmental action.

Chirac is experiencing an impressive decline in popularity according to the BVA-PARIS MATCH barometer (858 persons interviewed between 30 May and 5 June). In one month, his "favorable opinions" receded from 52 to 49 percent. But the "unfavorable opinions" climbed from 34 to 45 percent. A development of exceptional scope. It is a known fact that the prime minister had been little affected by the declines revealed during the previous polls, knowing that he continued to hold the full trust of the right electorate. To be sure, an ebb in the popularity of those who govern is usually noted during post-election periods insofar as the sympathisers of the opposition gradually rejoin their original camp after a period of trouble. This movement continues since, over the last month, dissatisfaction with Chirac has gained 12 points among left voters. But hostility toward the prime minister among right voters went from 13 to 20 percent. Above all, Chirac lost much ground among those who did not vote on 16 March. In that category, which represents part of the undecided voters, unfavorable opinions of him increased by 13 points and now equate favorable ones.

A large number of Frenchmen (63 percent) now recognize that it is Chirac who "is actually running France." And they judge his performances severely. Only 37 percent of those polled declared being "satisfied with the way France is being governed" (minus 2 points), whereas 60 percent claim to be "dissatisfied" (plus 13 points!) From this context, the "alternance" did not much affect the grumbling which our countrymen have been voicing for several years. It has been observed that the governmental action has raised serious reservations among the right electorate. We can overlook the 81 percent National Front voters who show their dissatisfaction, but not the 40 percent UDF [French Democratic Union] and RPR [Rally for the Republic] voters, as compared to 57 percent satisfied, who share this dissatisfaction.

The SOFRES-NOUVEL OBSERVATEUR poll (1,000 people interviewed between 6 and 10 June) makes it possible to pinpoint the reasons for their dissatisfaction. First, it confirms that Chirac got off to a bad start. His government is assessed to be "positive" by only 26 percent Frenchmen, 48 percent judge it to be "negative" and 26 percent declare having no opinion.

#### High Price For Symbolic Acts

Measures with a liberal connotation are poorly received by public opinion. According to this survey, 72 percent Frenchmen disapprove the suppression of the tax on large fortunes. Likewise, 62 percent condemn the suppression of administrative authority over layoffs; 60 percent the privatization of TF 1; and 58 percent the suppression of price controls. The new power is paying a high price for its symbolic act of liberalism. The more so as Frenchmen equate this policy with choices favoring the privileged classes. It is the opinion of 53 percent of those interviewed! Only 2 percent of them think that the government measures benefit primarily the underprivileged classes and 35 percent who believe that they benefit the French people as a whole. Chirac's policy is perceived as a class policy.

It is only on the security themes that it receives the approval of the majority. For 50 percent Frenchmen, against 10 percent, security projects will have a "positive effect." The control of identification papers (74 percent) as well as the adoption of sanctions which cannot be reduced (67 percent) are approved by a large majority.

It remains that these judgments are not sufficient to cover the lack of understanding encountered by the economic and social policy of the government. Chirac never really experienced a true state of post-electoral grace, public opinion's skepticism being what it is. The swiftness with which his capital of trust eroded is that much more spectacular. Not only have the first 100 days not re-established the "trust," but the first measures set down have provoked defiance. Although France voted right on 16 March, it appreciates very little the acceleration of the "liberal" process chosen over these past few weeks.

#### François Mitterrand: Two Out of Three Frenchmen

François Mitterrand is reaping by ricochet the benefits of this public reaction. According to BVA, today, almost two out of three Frenchmen have a favorable opinion of him "as president of the republic." With 61 percent positive opinions, the chief of state has even regained the level that was his in June 1981, at the beginning of the "state of grace." Seven points were gained in one month, whereas "unfavorable opinions" remain stable at 35 percent.

Mitterrand benefits from the favors of a notable minority of right voters (38 percent) and he attracts in particular those who did not vote on 16 March (62 percent favorable opinions). Cohabitation enables the president of the republic to escape the responsibility of conducting the country's affairs. It is obviously easier for a president-arbitrator to be popular than for a chief of state directly involved in management.



This profusion of polls confirms that Mitterrand is now clearly more popular than Chirac. Cohabitation thus produces an interesting contradiction. The two leading presidential hopefuls of the left (Mitterrand and Rocard) enjoy an advantageous personal rating while the ratio of strictly electoral forces remains favorable to the right. Opinion has not yet shifted since its 16 March verdict. Its current reactions, however, illustrate the fragility of the Chirac policy.

6857

CSO: 3519/198



## PCF CAUTIOUS BEFORE EARLY ELECTIONS

Paris LIBERATION in French 19 Jun 86 p 5

[Article by Michel Samson: "Georges Marchais' Four Dodges"]

[Text] "Between us... the communists who disagree with the policy of the 25th congress number more than 3,000..." By making this joke, Guy Hermier, who yesterday was commenting on the work of the PCF [French Communist Party] Central Committee, was in fact stating a primary truth. It explains Georges Marchais' four dodges in the course of this meeting.

As a matter of fact, the secretary general spoke on the problem of the dispute in answer to Pierre Juquin who had drawn up the catalogue of accusations lodged against him and his friends. He did it, however, against all expectations, to ward off the anti-Juquin offensive that Pierre Zarka, former JC [Communist Youth] official, and Jean Paul Magnon, from the Rhone region, had planned to launch after the dissident's speech.

Georges Marchais, who had made a point of specifying that he was speaking "without having consulted the Political Bureau," first recalled that the congress had chosen to elect four abstentionists to the CC [Central Committee] and that there was no question of reversing this choice. Which at least gives plenty of reprieve to the renovation of the CC. He then declared being in agreement with the articles of the statutes which specify that conferences can be held "annually" by the sections. When leaving the CC, which had followed the legislatives, the dissidents had feared that this would be impossible to achieve. Henceforward, they will be able, if they have activist forces, to count on this declaration to demand them.

Going on to the problem of the Meurthe et Moselle, the leadership of which had refused to ratify the election of the new secretary general, Georges Marchais exclaimed: "It is up to the communists of that region to settle their problem!" The door which Claude Billiard, a pretty inadequate normaliser of the Lorraine region, had shut is once again ajar. Finally, last but not least [in English in text], instead of once again condemning Pierre Juquin for his participation in the meeting of the "European left" in Saint Fons, he declared: "We did not attend because we were not invited;" followed by the assertion that the PCF "remained available" for such meetings.

Having presented these four arguments, the secretary general turned to the central committee and invited it to return to the agenda, namely, the discussion about intellectuals begun the day before. It was done.

To begin with, this caution retreat on the part of Georges Marchais is explained by the unexpected spreading of the dissent: As a matter of fact, all the departments are affected (see LIBERATION dated 14 June 1986), and all the attempts at normalization have failed.

This deteriorating situation is the more serious for the communist leadership as it fears above all else an early presidential election. The PC hierarchy has yet to find its ideal candidate and it fears the strength of the unifying feeling of the left electorate should the situation become more dramatic through the hasty advancement of the dateline. It would be very unseemly for them to enter this bitter battle with a divided party whose image of intolerance would have been reinforced by direct or undirect exclusions.

The dissidents were rejoicing yesterday over this session of the central committee. Yet, their situation remains dangerous: By refusing to take disciplinary action, the leadership forces them to define their political proposals more accurately. And they often feel more awkward in this area. "I appreciated Guy Hermier's very interesting report;" once these introductory words said, Pierre Juquin went on to other things. He declared being in agreement with the overall analysis of the director of REVOLUTION and the proposals which stemmed from it, as well as with the meetings between "Marxists and non-Marxists on problems of culture."

The former spokesman of the PCF announced that he would make a series of speeches "on basic principles" during the last sessions. That could be the moment the leadership has been waiting for.

6857

CSO: 3519/198

## GREEK JOURNALIST INTERVIEWS FRNC'S DENKTAS

Athens ENA in Greek 29 May 86 pp 14-19

[Interview by Maria Resan with Rauf Denktas, Chairman of the Federated Republic of Northern Cyprus]

[Text] I think the most significant aspect of this journalistic mission to occupied Cyprus is that the exclusive interview with Rauf Denktas, which appears in ENA today, was prepared and took place exclusively... journalistically; I mean that from the moment of conception until the last detail of the operation, we did not ask for help, nor did we inform the Cypriot or Greek leadership.

We did not go through diplomatic channels nor did we use any foreign embassy or the services of any diplomat. No. In spite of "Attila" and the watertight dividing line, we searched for Turk Cypriots and Greek Cypriots who talk to each other. Apparently there are such people. They may not be well known, but they are useful (is it not so, doctor?), and for journalists, they are precious. We thank both of these Cypriots (one a Christian, the other a Moslem) for helping us to carry out our task. We wish them well for the sake of their Cyprus.

The telex from the occupied section of Nicosia was clear: "...a man from our office will wait for you this Friday at 10:00 a.m. at the Turkish check-point at the Lidra Palace [Hotel]." At 10 sharp we walked toward the check-point.

Lakis Mikhalas (a member of the Board of Directors of the Grammi Corp.); the young photographer Andronicos Khatzikostis (who stooped under the weight of his special photographic panoply), and I with the perennial taperecorder hanging from my shoulder.

Nevertheless, in spite of the telex and the assurances from both sides ("everything is OK"), we could not be sure. "If they let us go through,

fine. Otherwise..." (Forgive me, doctor, but journalists are not easily convinced unless they see with their own eyes.)

They let us go through with a hearty welcome--in the Greek language, too. The night before we had decided with Lakis Mikhalas that if they tried to stamp our passports with some kind of seal of the pseudostate, we would not just turn around and leave empty handed. "No, we were not going to be the first to recognize them...!"

So, when Mustafa Kortyn, the 35-year old journalist from the Denktas Press Office, asked us for our passports--always in Greek, and with great politeness--"if you please"--we looked at each other for a second. But before we could say a word, Mustafa said with a smile, "No" (as though he wanted to say, "No, not for what you think"), "just to check that you are indeed the persons we are expecting."

We gave a sigh of relief. We exchanged more friendly greetings with the men at the checkpoint. All in Greek. Ali tells us in Greek that he was born in the south "and of course now he is a refugee in the north." Mehmed, too, who is from another village nearby...

But we are now well within the Turkish sector. And we have left behind us the Greek Cypriot part of Nicosia which is thriving with its economic miracle; and the no-man's land where the silent men of the UN, in their blue berets, reign.

We were able to overcome the shock of seeing the first Turkish flag ("what is the other one in red and white," the photographer Andronikos whispers to me? "Hold it. It's the flag of the pseudostate. Mind your business...")

Mustafa tirelessly explains everything. He tells us the streets are empty because of the Ramadan. (The Moslems eat before sunrise, during the Ramadan, and after sunset. They spend the rest of the day mostly praying.) He points at the apartment buildings under construction and explains, "they are for workers." He points at a Pierre Cardin boutique. They also have discotheques near the soldiers' camps, and everywhere we see helmeted soldiers walking in pairs (stiff necked, not casting a single glance right or left).

But here, too, as in the "other" Nicosia, the fragrant bushes embrace the bougainvilleas in the light breeze. Here too, worried people talk about the latest news on radioactivity "the wind may bring from Chernobil."

"What would you like to see after you finish with the interview," we are asked by Mustafa Kortyn as we reach the house of Rauf Denktas.

"Kyrenia, Mustafa, Kyrenia." And patting him on the back I add, "I want to see what you have done to beautiful Kyrenia! And you know something, Mustafa? If you harmed Kyrenia, just don't say anything when we are there. OK?" Later, in Kyrenia Mustafa did not say anything. The little harbor--

a jewel of Cyprus--is not destroyed. It is simply dead. The only thing Mustafa said at one point was: "Imagine, it is a miracle that after all that has happened you and I met here today!"

I, at least, was not meeting Rauf Denktas for the first time. I had visited him before, a few years back, in February 1973. At that time I represented the French news magazine LE POINT (where I worked during the dictatorship, while I lived in Paris). I remember him as a corpulent man and an intelligent conversationalist. He has not changed. Neither does he show his 62 years or the unquestionable pain he must feel for the death of his 35-year old son, whom, we are told, he loved very much.

He received us in his office at his presidential home--as Mustafa told us time and again--a handsome, old, renovated British building of neo-Colonial style, now decked out with carpets and curtains from the Orient. In the anteroom, his aides (a female secretary and apparently the director of his office) were so flawlessly dressed that I could not help thinking that they wore their Sunday best because of the foreign visitors.

Coffee? Orange juice? Rauf Denktas beautifully plays the role of the host. He talks with familiarity with the photographer ("How do you like us to sit?," he asks in Greek, "what make is your camera, what kind of flash do you use?") He shows keen interest in what Lakis Mikhalas tells him as he presents an issue of ENA ("Nice magazine, good paper, beautiful printing"), he says as he leafs through. He stops at my column:

"Why do you call your column 'Without a Program'? Why this title," he asks. (I still do not know whether he was aware of the story behind this title.)

"It's a long story, Mr Denktas...but today I came with a program." He laughed and let it pass.

But with this first exchange I, too, had surpassed a tough problem that bothered me until that moment: I had no intention of addressing Rauf Denktas as "Mr President," despite the telx announcing that "His Excellency, President Rauf Denktas will be happy to receive you," etc.' despite the kindly Mustafa Kortyn who never missed a chance, since we arrived, to refer to "our president." No, not once in the 1-hour interview did I address him other than as Mr Denktas. Denktas never showed if it bothered him.

#### The Interview

[Question] Mr. Denktas, when we first asked for this interview, we were asked what the subject would be. We replied with a phrase attributed to Elevation Venizelos: "Two people (he was referring to the Greeks and Turks) are condemned to live together." So, I came today to ask you how you think the Turkish Cypriots can live together with the Greek Cypriots.



[Answer] We gave a lot of thought and we explored it exhaustively before we signed the London and Zurich agreements. We believed then that we had found a solution: cooperation within a state where Turkish and Greek Cypriots could live together, as they had lived for centuries. A state which would respect the interests of the other side and would cooperate for a democratic state. It was a good compromise agreement; it did not give the Greek Cypriots what they wanted, i.e., union with Greece; neither did it give the Turkish Cypriots what they wanted, i.e., union with Turkey. It did not bring partition which others would have found satisfactory. I believe if Makarios wanted to go ahead with this cooperation we would not have any problems today. But, unfortunately, Makarios had other plans...

[Question] I would say let us leave the dead with the dead...

[Answer] Makarios had secret plans, but unfortunately, the Greek government had its own plans, too and it tried to destroy this cooperation--until the junta came along and tried to close the circle. And then, to save ourselves, we asked Turkey to help us. This "line" you see in Cyprus is the line where we stopped Greece which wanted to take over the entire island.

[Question] This, of course, is your view.

[Answer] Of course. The Greek Cypriots say different things. They say the Turks came in as invaders. But, if I am not mistaken, you came here to hear my side. And I hope you will publish my views without chopping them up.

[Question] No, Mr Denktas, we will not chop them up, but I came here, as you said, mainly to hear what you think can be done from now on.

[Answer] As you said, our destiny is to live together on this small island called Cyprus. We are ready to do this, but this time side by side.

[Question] Explain what you mean by side by side.

[Answer] We discussed it with Archbishop Makarios in 1977. He agreed that the past does not allow another solution. And, therefore, a bi-zonal federal system would be acceptable. We worked on this system in the last several months until we discovered the Greek Cypriots did not want it. They believe they have the right to govern Cyprus and to just give some rights to the Turkish Cypriots. They think in this way they can solve the problem, but it cannot be solved. The UN secretary general continues to search for a federal solution. I think the Greek side should help him find it.

[Question] Mr Denktas, Mr Quellar has at least achieved one thing: for the first time he united all Greek sides, all Greek parties, against his proposal. Let us leave out the details. Do you really think there can be a single--I repeat--a single Greek Cypriot who will accept this federal system you mentioned, whereby you, Rauf Denktas, will be able to..."veto" even the hiring of a civil servant in Limassol?

[Answer] The answer then is that the Greek Cypriots do not believe in a federal system. In Yugoslavia how come they have big and small republics united under a federal system, with the decisions reached unanimously? Now, if the Greek Cypriots don't like the idea that the Turkish Cypriots can have a say in federal affairs...

[Question] That isn't the point, Mr Denktas.

[Answer] That's exactly the point.

[Question] But you want in advance to have a veto on everything...

[Answer] Who said that? Did we write down the articles of a constitution? We just expressed some principles, some thoughts about such a potential constitution. We can very well sit down and work out the details. We do not want to have a veto on everything, as you say, that refers to the Greek Cypriots in the south. And we hope they will not want to have a say on details which concern only the Turkish Cypriots in the north. All these can be discussed and agreed upon when we begin to discuss the constitution. But the question is whether the Greek Cypriots are inclined to move on to form a Republic of Cyprus--which does not mean a Greek Cypriot republic but a republic of the two communities.

[Question] Mr Denktas, I would not want to get you angry...

[Answer] I never get angry, especially when I talk with a lady...

[Question] Well, I would like to ask you: Do you agree that the best constitution, the best agreement, eventually comes to grips with logic and majority? If you agree, how can you say that 18 percent of the population you represent can impose their views on the remaining majority? Is this democratic?

[Answer] I will respond to you with what Mr Averof said in 1960 at the closing of the London conference. He said what is happening in Cyprus is the making of a modern democracy where the will of the majority is honored but so is the will of the minority. Averoff added at that time: "The compromise we reached on Cyprus is a good compromise." It's another matter that later, speaking to the Greek parliament, he said the road to enosis [union] may be better through the Cypriot Republic than through the colonial regime. But the issue here is not 18 percent (which is not 18 but 25 percent anyway). The question is: We are two peoples, is it not so? Don't we have different aims? Yes. Didn't we fight for those aims? Yes. Don't we have a bitter past behind us? Yes. Do we want to live together in the future? Yes. Then we must reach a compromise.

If a federal system is acceptable then the problem of majority and minority disappears. In a federal system there are no majorities and minorities. On



this island we have two peoples who were divided by political differences. They must be united again.

[Question] In listening to you I am thinking that all the Greek Cypriot leaders I have met (and I have not met them all) give always the impression that they are first Cypriots and then Greeks...I wonder, Mr Denktas, if you are sincere when you speak of Turkish Cypriots. Do you personally feel as a Turkish Cypriot first and then as a Turk?

[Answer] First of all, if what you say about the Greek Cypriots is true... then it is a pity that in 1974 you attacked us as Cypriots with the aim of achieving union with Greece. But, of course, you can believe whatever you wish. But when all Greek Cypriots speak of the Greekness of Cyprus how can the Turkish Cypriots be convinced they are first of all Cypriots?

[Question] You did not answer me. You were born here in Paphos, you...

[Answer] I will answer. Cyprus is a geographic entity. In Cyprus one can be Turkish Cypriot, Greek Cypriot, Armenian, or a Maronite.

[Question] Let us look at it this way. You were born and raised here. Aren't you sorry for this division?

[Answer] Of course I'm sorry. I am very sad. But when I think that this dividing line has saved us from mass graves (because those mass graves do exist, look around to find the truth, you have a duty to find the truth), then I say thank God for the dividing line. We did not want this division, believe me...

[Question] Mr Denktas, you, too, should believe me that it is very difficult for me to say what I am about to say. But I will. A few months ago you lost a son. As I hear, this young man had spoken out in strong terms before his death at a banquet of Turks and Greeks in Nicosia. He said, "we cannot go on like this, the new generation must do something to change things in Cyprus." Did not this, said by your son, affect you?

[Answer] I say the same thing. That something must be done. My boy had fought, had done his duty, had been discharged and was thirsty for peace. And he had the courage to tell Mr Kyprianou when they met: "I fought against you, but I do not want my children to fight. Let us find a solution." This is exactly what I, too, say. And I repeat it. The division is not a good thing. There should be no dividing line. But the Greek Cypriots do not accept us as equals. They count our numbers. "You are so many," they say.

[Question] But we cannot overlook the numbers...Nor the fact that there are 600,000 Greek Cypriots.

[Answer] Certainly. But you, too, must understand that for the last 12 years...

[Question] Understand what, Mr Denktas? Why cannot you try to understand, too, that for the last 12 years this island has been under an invader regime?

[Answer] And I ask you. What will happen if the Turkish Army leaves? Who will take its place? These are questions and we must find answers.

[Question] Anyway, when do you see withdrawal of the Turkish Army?

[Answer] The Quellar plan covers that.

[Question] Mr Denktas, are you a free man?

[Answer] In what sense?

[Question] In the sense that you are considered to be "your master's voice." That you are Evren's pawn.

[Answer] That is nice! Mr Kyrianou goes to Athens every other day--and he does not regard himself as Mr Papandreou's pawn, but a free defender of Cyprus! And Denktas, who stays here, in a pluralist system, is the voice of Turkey! That's a very unfair opinion.

[Question] Certainly you deny it, but you have the reputation of hating everything Greek.

[Answer] Although you decided I would deny it, you have a duty to hear me out. My father was a judge. He had very good relations with the Greek Cypriots, he had many Greek Cypriot friends. We visited them in their homes. They visited us. There was no trace of hate. No trace! Do you hear me? And today I feel no hate, but I am distrustful.

[Question] Don't you think the [Greek Cypriots] have a right to be distrustful, too?

[Answer] What did we do to them for them to be distrustful?

[Question] Just an invasion and an occupation...

[Answer] But this means I failed to convince you that in 1974 we were trying to defend ourselves.

[Question] Mr Denktas, you must admit you were wrong when 13 years ago--when we talked--you argued that Makarios had Enosis in mind.

[Answer] I still believe it. And I also believe this is the innermost desire of the Greek side.

[Question] Let me assure you that there is not a single Greek among the nine million Greeks who believes today in--or who wants--Enosis. Anyway, let's go onto something else. I am sure--I am--that you must find ways, every now and then, to go to the Greek Cypriot section of the island...

[Answer] No, I do not go. But I have information...

[Question] So be it. You know then that on the Greek Cypriot there is something going on just short of an economic miracle.

[Answer] Of course, with all the help they receive from Greece, and since they stopped paying the Turkish Cypriots after 1963...

[Question] Now, now, Mr Denktas, you are a very intelligent man. Don't tell me now that you believe this economic miracle is due to Greek aid?

[Answer] No. I don't say that exactly. The Greek Cypriots are very industrious, intelligent people, good workers...

[Question] And yet, you prefer to live separately, isolated, in the north?

[Answer] It's not our choice. We agreed to a federal system. Mr Quellar is fighting for it. Now Mr. Kyprianou says no.

[Question] Why don't you agree to discuss first all items--the withdrawal of Turkish troops, the free movement, everything. Why do you want the Greek Cypriots to accept the Quellar plan and...and then we see?

[Answer] Because that's what we had agreed to do. It's another matter on which Mr. Kyprianou changed his mind.

[Question] Why don't you meet with Mr Kyprianou to clear things up, like two good Cypriots?

[Answer] Because my meeting with him is included in the Quellar plan. I do not want to give Mr Kyprianou the chance to destroy the "package" of the plan. You seem to think that Mr Quellar prepared a plan for us out of the blue. Wrong! Mr Quellar wrote the same phrase to me and Mr. Kyprianou: "...as agreed by both sides, following joint efforts." Doesn't that tell you something?

[Question] Mr Denktas, what's the use of talking about it now? The Greek side does not accept the Quellar plan...

[Answer] At last! One sincere statement. Until now everyone was in doubt. I am glad you say it so honestly.

[Question] Wait a minute. I am not a politician. I am a journalist, and I simply say what I hear or read. And what I hear is this: "Since we are going to die, why commit suicide"? After all, Quellar and the UN are not a court issuing sentences...

[Answer] And I tell you that no Turkish Cypriot will accept a basis for discussion outside of this compromise.

[Question] I heard that some Turkish Cypriots have occasionally talked with Greek Cypriots at the Lidra Palace in an effort to start some kind of a dialogue. Why did you forbid them from doing so?

[Answer] We stopped them when we found out these talks were being reported to the State Department.

[Question] I am told that many Turkish Cypriots from the south who now live here as refugees are not happy.

[Answer] I am going to conduct a plebiscite under the auspices of the UN. Anyone who wants to leave can leave.

[Question] Mr Denktas, you have a bad reputation.

[Answer] It was created by the Greek Cypriots but I have survived. In fact, I am thinking of collecting all the things they have said in the last 30 years and publish them in a book.

[Question] Will you include what your father used to say when you were a boy: "God forbid, Rauf, if you ever come to power, with your character...!"

[Answer] Who told you that?

[Question] Certainly someone who knew your father because I never met him, of course.

[Answer] It's not true. On the contrary, my father always told me how good, how intelligent the Greeks are...

[Question] Mr Denktas you know, alas, that a grave is better than the agony for the fate of a missing person.

[Answer] We have said it again and again. We hold no living Greek Cypriots. Not a single one. Why do they insist on the opposite? There was a war, people were killed. There are no missing persons.

[Question] Several times in the last few days I asked myself why you agreed to give this interview.

[Answer] Because I want the Greek side to hear my views. And because I want everyone to understand we do not want anything that belongs to the Greeks, but neither are we going to give them anything that belongs to us.

[Question] And do you think you can convince the Greek side that your aim is not totake over the whole island?

[Answer] What can we do with the whole island? What can Turkey do with Cyprus? We had a hundred opportunities to do so and we didn't. What Turkey will not allow is to let Cyprus become part of Greece.

[Question] I come back to the question I asked at the beginning. From what I hear I cannot see how you [all] can live here in Cyprus...

[Answer] Why not? We can live side by side until more wise leaders come along and find better solutions.

[Question] How long do you intend to stay as leader of the Turkish Cypriot community?

[Answer] As long as Mr Kyprianou is there, I will be here (he laughs).

[Question] Anyway, who is the Greek Cypriot with whom you feel you can talk?

[Answer] Ah. I am not going to tell you because the next day they will call him a "traitor". Nevertheless, there is someone.

[Question] What is your last word, Mr Denktas?

[Answer] The optimistic phrase in politics is "never say never." That's what I tell you.

[Question] Mr Denktas, as I say goodbye, I express the wish that some day you will shake hands with the Greek Cypriots in a friendly way, for the good of Cyprus.

[Answer] Insallah! [Editor's note: An expression that those from Turkey will understand...Something like, "so may it be, with God's help."]

7520

CSO: 3521/102

## NEW SECRETARY GENERAL ELECTED FOR DLP

Istanbul HURRIYET in Turkish 28 May 86 pp 1,20

[Report by Emin Ozgonul]

[Excerpts] Ankara--Adana deputy Nuri Korkmaz, one of the Democratic Left Party [DLP] representatives in the Assembly, was elected as Secretary General of his party. Korkmaz, who was unanimously voted Secretary General by the DLP Executive Council, made his first statement to HURRIYET and said: "We are the leading candidate to become government." In addition to electing Korkmaz, the DLP Executive Council elected Executive Council member Yasar Mengi as the Accountant General of the party.

After DLP Secretary General Necat Hamzaoglu announced that he was going to resign his position, Nuri Korkmaz, whose name was mentioned frequently as a candidate for the position, was elected Secretary General as expected. In his statement to HURRIYET, Korkmaz blinked at deputies who may wish to defect from the Social Democratic Populist Party [SDPP] to the DLP and said: "We still have not seen anyone who jumped into the sea and began swimming, but colleagues who may wish to do so will not be left out in the open." Korkmaz added: "Bulent Ecevit is the natural leader of the DLP members as well as all social democrats."

## Relations with SDPP

Korkmaz said that his party is not necessarily determined to form a group in the Assembly and that DLP will think about that if there are deputies who wish to resign from SDPP and join DLP. With reference to "proposals to merge SDPP with DLP," Korkmaz said:

"Let no one be too anxious about the issue of a merger. Artificial mergers would not benefit anyone. The people at the grass roots level will decide on a merger. The social democrats no longer wish to see an adventure. Panicky thoughts to the effect that 'we are being divided' are wrong. If it is so highly desirable, SDPP may close its shop and join with DLP. Bulent Ecevit is the indisputable leader of the social democrats. He established social democracy in Turkey. It is natural that a man who has dedicated his life to this work and who has built social democracy with his own hands under very difficult conditions would not permit social democracy to be squandered."



Prohibitions and politics are incompatible. We must find out if society has banned something. Bulent Ecevit is the natural leader of the DLP members as well as all social democrats."

Who is Korkmaz?

Korkmaz was born in the Ilgin County of Konya in 1940. He is a graduate of the Army War School and the War Academy. Korkmaz served as Chief of Operations of the Aegean Army, Commander-in-Chief of the VI Army Corps and a faculty member of the War Academies. After the 12 September operation, Korkmaz became the mayor of Adana as an army colonel. During the 6 November 1983 elections Korkmaz left the army and ran as a Populist Party candidate for an Assembly seat. He was elected to the Assembly as a Populist Party deputy. A while later, Korkmaz resigned from the Populist Party and joined DLP. Korkmaz, who speaks Russian, is married and has three children.

9588

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## TENSIONS IN SDPP SEEN AS 'WORRISOME FOR DEMOCRACY'

Istanbul TERCUMAN in Turkish 6 Jun 86 pp 1,13

[Editorial by Taha Akyol: "Hara-kiri"]

[Text] The events that have been taking place in the Social Democratic Populist Party [SDPP] are important. While a healthy social democratic party is essential for our democracy, the events that have occurred in the SDPP are as worrisome for democracy and domestic peace.

We cannot view the issue as a set of problems arising from the process of the unification of two parties. At the root of the conflict which has reached the point of resignations lies the restlessness stemming from the "bad-tempered" individuals in the SDPP.

Erdal Inonu's call for a more unequivocal and united stance by the party's Assembly group and general assembly against the extremists within SDPP is justified and encouraging. But it appears that Inonu is late. Such a call should have been made at the very outset rather than to allay the intense criticism that has been leveled in the party's assembly group. At the very outset, when the party was being organized in the counties, elements who had not caught the "left's old diseases" should have been carefully picked and efforts should have been made to build a reliable social democratic party which would ask for the support of millions of moderate middle-class voters rather than that of the extreme ends.

Finally, the "united unequivocal stance" proposed by Inonu against the criticisms should have been outlined "unequivocally" at the party congress.

Most importantly, SDPP's ideology should have been unambiguous; the party should have known what they would do and how and should have stated "unequivocally" and resolutely its differences with its left.

In the more crowded and lively Democratic Left Party [DLP] congress there were no events comparable to those at the SDPP congress. Because DLP, which pursues a more radical course in democratic leftism than SDPP, is also more principled and careful than SDPP on the issue of closing its doors to the extreme left.

Such extremist elements, who are morally distant from representing any broad segment of voters, began to gain influence in SDPP as a result of the

membership registration and delegate election methods of activist groups; the "great crisis" was caused by this situation.

Ecevit who underscored the need to be careful and vigilant against "old diseases" from the outset was proven right.

This is where one should look for the causes of the sudden rise in Ecevit's influence.

SDPP has lost a substantial amount of trust with respect to its vulnerability to adventurism, internal tensions and excesses. The "bad-tempered" ones in the party who have been boasting of their bravery are responsible for this situation.

Everywhere in the world the "bad-tempered" harm their own environment.

And everywhere in the world these "bad-tempered" ones start the political "hara-kiri" process.

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## OZAL ADDRESSES ISLAMIC ENVOYS ON CYPRUS, TIES WITH GREECE

Istanbul CUMHURIYET in Turkish 6 Jun 86 p 13

[Text] Ankara--In a conversation with the ambassadors of Islamic countries in Ankara last week, Prime Minister Turgut Ozal spoke in depth about Turkish-Greek relations and the Cyprus problem and said that "Greece is pursuing a persistent policy of tension against Turkey."

After a Ramadan fast breaking dinner at the Ankara Palas Hotel, Ozal had a conversation with Islamic envoys for more than an hour on Turkish-Greek relations, the Cyprus problem and issues of interest to the Islamic world.

Ozal reviewed Turkish-Greek relations and the Cyprus problem within the framework of Ottoman history and Turkish strategy in the Mediterranean and recounted a detailed history of the [Aegean] islands from the 17th century until today.

Emphasizing the need for the demilitarization of the islands in view of their current status, Ozal said: "In any event, the militarization of these islands, which are dispersed irregularly over the Aegean, is not of any military significance."

Ozal also recounted the development of the Cyprus problem from the 1960 agreement until today and stated that the problem can only be solved within the framework of a federation. Ozal noted that the Turkish side has accepted the latest document prepared by the UN Secretary General and that it is the Greek Cypriot administration that is being intransigent.

## Recognition of TRNC

The most important message conveyed by Ozal's speech concerned the issue of the recognition of the Turkish Republic of Northern Cyprus [TRNC]. Noting that per capita income in the Greek sector of Cyprus is much higher than that in TRNC and that the Greek Cypriot administration is benefiting significantly from its recognized status as a legitimate government in international forums, Ozal said that the Greek Cypriot administration sees no benefit in agreeing to a federal solution under these advantageous conditions.

While Ozal did not explicitly ask the envoys of the Islamic countries to recognize TRNC, he said that unless third countries change their stance toward the Greek Cypriot administration, conditions which will force the Greek Cypriots to come to an agreement will never emerge. With this statement Ozal conveyed the message that it is essential to treat both sides on the island on an "equal" footing in order to break the intransigence of the Greek Cypriots.

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## IRAN-IRAQ WAR SEEN AS CAUSE OF DECLINE IN TRANSIT SHIPPING

Istanbul DUNYA in Turkish 14 May 86 pp 1,9

[Text] Trabzon--It has been disclosed that transit shipping [through Turkey] is in a crisis because of the Iran-Iraq war and the development of alternative routes by other countries. Speakers attending the Symposium on Crisis in Transit Shipping and Possible Solutions emphasized the need for investments required by transit shipping which is a major source of foreign currency earnings.

A fairly large number of participants attended the symposium which was sponsored by DUNYA in Trabzon. Officials of shipping firms attending the symposium discussed ways of preventing the crisis in transit shipping.

The Symposium on Crisis in Transit Shipping and Possible Solutions, sponsored jointly by DUNYA and KARADENIZ in Trabzon, began its proceedings. Speaking at the opening ceremonies, State Planning Organization [SPO] Deputy Undersecretary Imdat Akmermer stated that the Turkish transit shipping industry is an important economic force and that Turkey, which developed its merchant marine and TIR [International Highway Transport] fleets very rapidly, is in a crisis today because of the Iran-Iraq war, the state of relations between Iraq and Syria and the declining price of oil. Akmermer added that the Turkish economy must not be ignored in the examination of this problem.

Deputy Undersecretary of the Ministry of Communications Muammer Isikoglu noted that Turkey is a country where there is noticeable economic development and said: "The importance of transit shipping is growing together with the volume of foreign trade. Conclusions that emerge from this symposium will be taken into account."

Trabzon Governor Yilmaz Ergun said in his speech at the opening of the symposium that the transit shipping industry has run into various difficulties in recent years and that the timing of this symposium is significant. Ergun added that the symposium deserves scholarly praise.

Speaking at the symposium later on, Professor Kemal Gurbuz, President of the Black Sea University, said that the transit shipping industry needs to be revitalized, that all the necessary infrastructure facilities are in place and that his university is continuing its work in this area.

The next event in the symposium was a panel discussion. The panel, headed by Saffet Ulusoy, President of the Association of International Shippers, was composed of Yusuf Cakir, Executive Council member of the Abdullah Cakir Shipping Agency; Professor Atilla Kesin, Dean of the School of Economic and Commercial Sciences at the Black Sea University; Ali Osman Ulusoy, Assembly President of the Trabzon Chamber of Industry and Commerce; and Coskun Gencosmanoglu, Director General of Anadolu Transport.

Noting that foreign currency earnings from overland transit shipping, which had been steadily rising for many years, declined for the first time this year, panel chairman Ulusoy said: "Shipping earnings which had been rising steadily, began declining in 1985. It is necessary to expose the obstacles encountered in reaching the current environment of chaos and crisis."

Ulusoy summarized the causes of the crisis environment in the transit shipping industry as follows:

"--The replacement of the C-card system with the contract system.

"--The ban on the sale of vehicles 5 years after they were imported with incentives.

"--Steady declines in freight charges.

"--Bureaucratic obstacles.

"--Problems arising from roll-on-roll-off shipping.

"--The development of alternative transit routes.

"--The failure of Turkish ports to operate rationally."

With reference to the development of alternative transit routes, Ulusoy said:

"Just as we are looking for alternative exit routes, our competitors are looking for ways of knocking out Turkey. Our current ability to hold on to the shipping of goods destined to the Middle East is partly the result of the nonutilization of ports in Jordan and Syria. However, it is seen that our competitors are working to put those ports into use. They are also looking for other alternatives."

Stating that the tonnage of transit freight arriving at Turkish ports has declined, Ulusoy insisted that this is the result of the ports' failure to operate rationally. Ulusoy outlined the decline of shipping in Turkish ports between 1984 and 1985 as follows:

"Shipping from the port of Trabzon has declined by 8.6 percent for goods destined for Iran and by 100 percent for goods destined for Iraq. Shipping of goods for Iran from the port of Hopa has declined by 40.7 percent. At the port of Samsun, shipping of goods to Iran has declined by 39.3 percent and those to Iraq by 100 percent."

Noting that the region's ports, the heart of shipping operations to the Middle East--in particular to Iran--are characterized by transit shipping, Ulusoy said: "While reported positive economic events continue to develop in Turkey's favor, overland transit shipping through Turkey began to decline in 1985. The loss in foreign currency earnings resulting from declines in the quantities shipped as well as last year's drops in tonnage rates cannot be attributed to changes in the Europe-Middle East trade volume alone. In conclusion, the 1985 revenues of the Turkish shipping industry were \$40 million less than its 1984 earnings."

Stating that the transit shipping industry is a steady source of foreign currency earnings, Ulusoy said that the necessary investments in this area must be given serious consideration.

Yusuf Cakir pointed to the infrastructure deficiencies of the port of Trabzon and said that port operation policies are inadequate and that transit ships are made to wait at the port for too long. Cakir also stated that foreign firms are looking for alternative ports. Noting that Turkish ports will face a vast increase in freight flow in the near future, Cakir said that modernization work on the ports must begin as soon as possible.

Outlining the development of the transit shipping industry, Professor Atilla Kesin outlined the causes of the declines observed in recent years in the transit shipping industry as follows:

"--The Iran-Iraq war on our doorstep and the oil price declines which have had an adverse effect on the imports of these two countries.

"--The introduction of transit shipping to the Middle East through the USSR and the development of other alternative routes."

With reference to the state of the Turkish ports, Kesin said that our ports are not sufficiently deep and wide, that the equipment used in the ports is inadequate and that various procedures at the ports are controlled by different ministries.

Trabzon Chamber of Commerce and Industry Assembly President Ali Osman Ulusoy criticized the practice of charging for unperformed services at the ports and said that the shipping industry was not prepared for the crisis of 1983-1984.

The last speaker of the symposium's first panel discussion, Anadolu Transport Director General Coskun Gencosmanoglu outlined the causes of the crisis in the transit shipping industry as follows:

"--Economic collapse in Iran as a result of its war with Iraq.

"--Iran's efforts to use its own ports, ships and transportation vehicles.

"--European firms' shift to new markets after Iran's inability to pay in cash for imported goods.

"--Uncalculated price bids by a number of so-called companies which have raised prices and disappeared after abandoning the goods."

In today's session of the symposium, a panel discussion will be held with the participation of SPO Deputy Undersecretary Imdat Akmermer and Deputy Undersecretary of the Ministry of Communications Muammer Isikoglu.

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## FUNDS SEEN AS CAUSING INFLATION, MEANS OF INTERVENTION

Istanbul DUNYA in Turkish 14 May 86 p 1

[Editorial: "Funds and Consistency"]

[Text] The need to make timely and appropriate public expenditures has always been a cause of endless disputes between the executive branch and the legislative branch in democracies. As a result, in almost all democracies, the executive branch has used and does use practices which move some spending outside the budget discipline. This practice is particularly widespread in countries where the constitution mandates a "strong presidency."

In Turkey, the vehicle found to enable the government to make spending decisions outside the tight restrictions of the budget was the establishment of extra-budgetary "special funds." These funds, whose revenues have been procured from extra-budgetary sources and whose expenditures have been controlled using procedures different than those used in budget spending, have facilitated certain practical easements to the governments. In particular, the practice of auditing funds after expenditures has been the chief advantage of the utilization of funds. However, this same advantage has created a peril from the standpoint of the funds' economic impact.

Unlike personal, family or company budgets, government budgets are not simply a balance sheet or plan of income and expenses. In addition to balancing income and expenditures, government budgets also have certain effects on the entire economy because of their sheer size. That is why all democracies have endorsed the principle of mandating legislative procedures in the process of drafting a government budget. The objective has been to prevent governments from undertaking new spending as soon as they find new revenues.

Everywhere in the world, governments which implement the budgets are naturally inclined to spend whatever new resources they find or "create." In countries like Turkey, which are gripped by chronic inflation, such dispositions may very easily become dangerous. In view of that fact, one objection raised against extra-budgetary fund spending is more serious than allegations of "embezzlement and favoritism." Allegations of "embezzlement and favoritism" can after all be refuted through inquiries. But the inflationary effects of government spending--even if it comes from real resources--is evident without any need for inquiries.



Moreover, the basic point that must not be forgotten is that expenditures from funds are direct "transfer expenditures." Transfer expenditures, which mean the transfer of resources from one economic sector to another by the will of the government, are considered the purest forms of market intervention in economic literature. The intensification of government intervention in the economy, while efforts continue to establish a free market system in Turkey--at least superficially--do not reflect a consistent policy.

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CSO: 3554/88

## BRIEFS

BULGARIA DEMANDS RETURN OF ASYLUM SEEKERS--The Bulgarian government officially asked the Greek government yesterday to return immediately the six Turks--of whom four are students and two are farmers--who had fled oppression. The Sofia government stated that our kinsmen--named Fikri Ahmet, Ridvan Ramadan, Ismail Gulistan, Sali Mehmet, Nurettin and Bahri--are Bulgarian citizens and that therefore they must be returned without delay. In its petition, the Bulgarian government also rejected the oppression grounds given by our kinsmen in their appeal for asylum and said: "The religion and race of these persons does not concern anybody. They are all our citizens." Meanwhile, the questioning of our kinsmen who surrendered to the police on Saturday after arriving in Gumulcine and Iskece has been completed. It has been disclosed that the six Turks whose processing has been completed in the Gumulcine police station will be transferred to the Lavrion refugee camp near Athens. Upon hearing about the Bulgarian demand for the six Turks' return, the West Thrace Turkish Association retained Attorney Hasan Imamoglu to defend the legal rights of our kinsmen. [Istanbul TERCUMAN in Turkish 29 May 86 p 13] 9588

CSO: 3554/94

## IMPACT OF NEW LAYOFF PROCEDURE REVIEWED

## Management Reaction Surveyed

Paris L'USINE NOUVELLE in French No 25, 19 Jun 86 pp 38-39

[Article by Jean-Paul Le Guern]

[Text] The administrative requirement to obtain government permission before laying off workers is on the way out. Is this a lot of fuss about nothing? Yes, when you consider that nearly two-thirds of company executives do not intend to make use of this reform. No, when you see that already 22.4 percent of companies surveyed are getting ready, for this reason, to hire more workers.

As a direct consequence of the abolition of government controls on the economic reality of layoffs, some 22.4 percent of chief executive officers of companies are considering hiring workers over the next few months, and some 2.3 percent have already decided to hire more workers. That is what a poll taken by L'USINE NOUVELLE and RES [Economic and Social Research Service] has revealed.

Therefore, the abolition of these government controls--and the number of company chief executive officers who do not intend to make use of the disappearance of these controls--were not worth either the excessive satisfaction or the anger expressed regarding this action. In effect, the results of the poll leave the most determined members of both sides of the question dissatisfied--those who predicted a tidal wave of layoffs, as well as those who stated that this significant reform by itself would result in hundreds of thousands of job openings.

Will the two sides know how to draw the right lessons from their common mortification? This is something we should all hope for, since the new procedures covering economic layoffs (see below) are also provisional in form. And it is up to both sides to take further action on the matter. In effect, let's not forget that the law approved on 7 June by the National Assembly and which has now been introduced in the Senate must be followed up by negotiations between labor and management. It will be fall before a new law on the subject completes the process, unless, of course, there is a last-minute change in the situation.

Such a change remains a possibility. By deciding on a three-stage change in the law the government has certainly shown a prudent attitude. However, in a three-stage rocket there is a risk of explosion in each stage.

The first threat of explosion is already past. However, in the next stage of negotiations, which the CNPF [National Council of French Employers] has promised to begin on the day following the final approval of the law, the risk of an explosion will rise again. And these risks will reach their high point in the fall, if by chance the failure of these negotiations should lead the government to act on its own.

Company executives are waiting to find out what concessions they will have to make in return for abolishing the requirement to obtain government permission to lay off workers. In any case the abolition of this procedure will take effect on 1 January 1987. As far as the workers are concerned, they are waiting with no less impatience to regain complete protection of their jobs. It is up to the representatives of both groups, respectively, not to disappoint their supporters. And to do that, they will have to marshal their inventories of outmoded arguments in advance or even destroy them in order to avoid, contrary to their unfortunate habit, bringing them out on the first occasion that comes along, even on quite another subject!

Nearly one business executive out of four is thinking about hiring new workers. However, two out of three do not intend to make use of the new provisions of the law. And 2.3 percent are considering firing some of their workers. Is eliminating government controls on firing workers a reform which amounts to very little? Certainly not. The poll taken by the RES for L'USINE NOUVELLE provides lessons of major importance in this regard.

First of all, 22.4 percent of the companies surveyed are going to hire more workers. That is far from being negligible. In this group of companies industrial firms will do a little less well: 18.6 percent of them will hire workers. That is a higher figure than 2 months ago. A proposed easing of procedures for laying off workers 2 months ago led 15.9 percent of chief executive officers of industry to indicate that they would hire more workers. (See L'USINE NOUVELLE issue Number 19.) As this provisions of this reform bill have become clearer, the intentions of business executives have also become more precise.

This survey provides valuable confirmation of the following: small industrial firms will hire more workers more frequently (19.1 percent) than medium sized (15.3 percent) or large companies (10.2 percent). Moreover, the tendency is the same when all industrial sectors are mixed together. This is clear. The requirement to have administrative permission to lay off workers affected small companies first of all.

When asked about the reasons for hiring workers, 51.1 percent of company executives stated without mincing words that they would hire more workers because, should it become necessary later on, it would be easier to fire them. From this point of view the reform bill seems to have hit the target which the prime minister was aiming at: removing the negative effects of the requirement to have administrative approval to fire workers. However, this figure was strongly influenced by the replies of non industrial company executives.

In the industrial sector the reform directly led to a decision to hire more workers in only 24.6 percent of the cases. And the reform bill only directly affected the activity of the companies in 49.2 percent of the cases (32.5 percent when all business sectors are lumped together). However, of course, this is only a reversal in the natural order of things. In effect, how could we conclude that companies whose activity was stagnating or declining would hire workers simply because the right to fire them had become easier?

#### Only 2.3 Percent of Companies Feel They Have Been Encouraged to Fire Workers

Another surprising result of this poll is that the new procedure for firing workers has led 2.3 percent of the companies to dismiss workers. Some of them have decided to do this earlier than they had originally intended (1.5 percent). Other firms have decided to fire workers in larger numbers (0.7 percent), while still others have decided to fire workers earlier and in larger numbers (0.1 percent). These are very low figures, about which we can only be glad. These figures include the industrial sector, where they are generally lower (0.9, 0.1, and 0.5 percent, respectively), even though medium sized companies and, to a slightly lesser extent, large companies plan to fire workers a little sooner and even increase the number involved.

It is clear that these intentions expressed in the poll do not weaken in any way what may henceforth be accepted as fact: abolishing the requirement to have government permission to fire workers will not result in mass firings.

The third lesson to be drawn from the RES poll is the following: 63.9 percent of company executives do not intend to make use of the new provisions of law. This figure is very high, although it is a little lower in the industrial sector (59.5 percent). It reaches its highest point in the largest companies: 69.1 percent in companies having from 50 to 199 workers and 68.7 percent in companies employing "more than 20 workers" (67.4 percent in industry).

Why should there be such results? Because company executives are not particularly interested in this change? No, only 30.4 percent of those who will not take advantage of the new legislation have made a decision. And these executives are less numerous in the industrial sector: 25.6 percent.

The principal reason is the satisfaction expressed with the present level of employment, above all and particularly in the industrial sector: 56.4 percent in industry, compared to 30.6 percent when all sectors are taken into account.

Finally, 11.3 percent of business executives have not yet decided what to do about the change in legislation. This is especially the case in the industrial sector, where the number of undecided is higher (20.5 percent). When the time comes, they will decide to hire at least the same proportion of workers as those company executives who have already made their decision.



Table 1 - Question: Government control over laying off workers for economic reasons has just been abolished. Taking this change into account, what do you intend to do initially, over the next few months? (Answers in percentages)

	Industry Alone				
	Number of Workers				
	All Sectors	All Companies	Less Than	Over	
			50	50-200	200
No Intention to Make Use of New Legislation	63.9	59.5	59.3	59.2	67.4
Will Hire Workers	22.4	18.6	19.1	15.3	10.2
Will Lay Off Workers Sooner Than Previously Planned	1.5	0.9	0.5	5.1	2.0
Will Lay Off More Workers Than Previously Planned	0.7	0.1	---	1.0	2.0
Will Lay Off Workers Sooner and in Larger Numbers Than Previously Planned	0.1	0.5	0.5	---	---
Undecided	11.3	20.5	20.6	19.4	18.4

#### Technical Details of Poll

RES carried out this poll by telephone on 11 and 12 June, using a sample of business leaders or personnel directors representing all sectors of economic activity. The results are considered representative at the national level.

#### Procedural Differences Outlined

Paris L'USINE NOUVELLE in French No 25, 19 Jun 86 p 40

[Article by Sylvie Bommel]

[Text] It will only be after the adoption by the National Assembly of a definitive law that the requirement to obtain prior administrative permission to lay off workers will be finally abolished. A draft bill in this sense should be introduced in Parliament during the first ordinary sitting of the 1986-87 session. However, the law approved on 7 June by the National Assembly provided for the immediate abolition of the requirement to obtain prior permission in the case of lay-offs of less than 10 persons.

Furthermore, this bill immediately changed certain procedural points.

The major and immediate change in the law was the abolition of the government's power to review lay-offs decided on for economic reasons. This is a change which involves very different consequences, depending on the number of persons laid off.

As a first example, take the case of individual lay-offs and the lay-offs of from 2 to 9 employees over a period of 30 days.

--The requirement to request permission to carry out such lay-offs for solely economic reasons is now abolished.

That is an important change. It eliminates not only the possibility of a refusal of permission by a labor inspector, but it also abolishes the numerous preliminary meetings required and the waiting period required to obtain the necessary authorization.

--On the other hand, a new requirement has been established. The employer must call in the worker or workers included in the planned lay-offs for a prior discussion of his intentions. The only exception to this new rule is the case of the lay-off of an individual employee who has less than 1 year of seniority.

At the time of this discussion the employer is required to indicate the reason for the decision he has in mind and to listen to the explanations made by the worker. The latter can arrange to have himself assisted by another person who works for the company. And the reason for the lay-off must be confirmed in the letter notifying the worker of the termination of his or her employment.

--Finally, the workers will respond to the action taken to lay them off before a conciliation commission and no longer before the minister of labor or an administrative tribunal.

As a second example, take the case of the lay-offs of at least 10 workers over the period of 30 days.

--The only immediate change in the procedure is that the government no longer verifies the economic reason for the lay-offs. However, the requirement to obtain authorization remains in effect, as well as the period of time required for an answer (a period of 30 days, which cannot be extended).

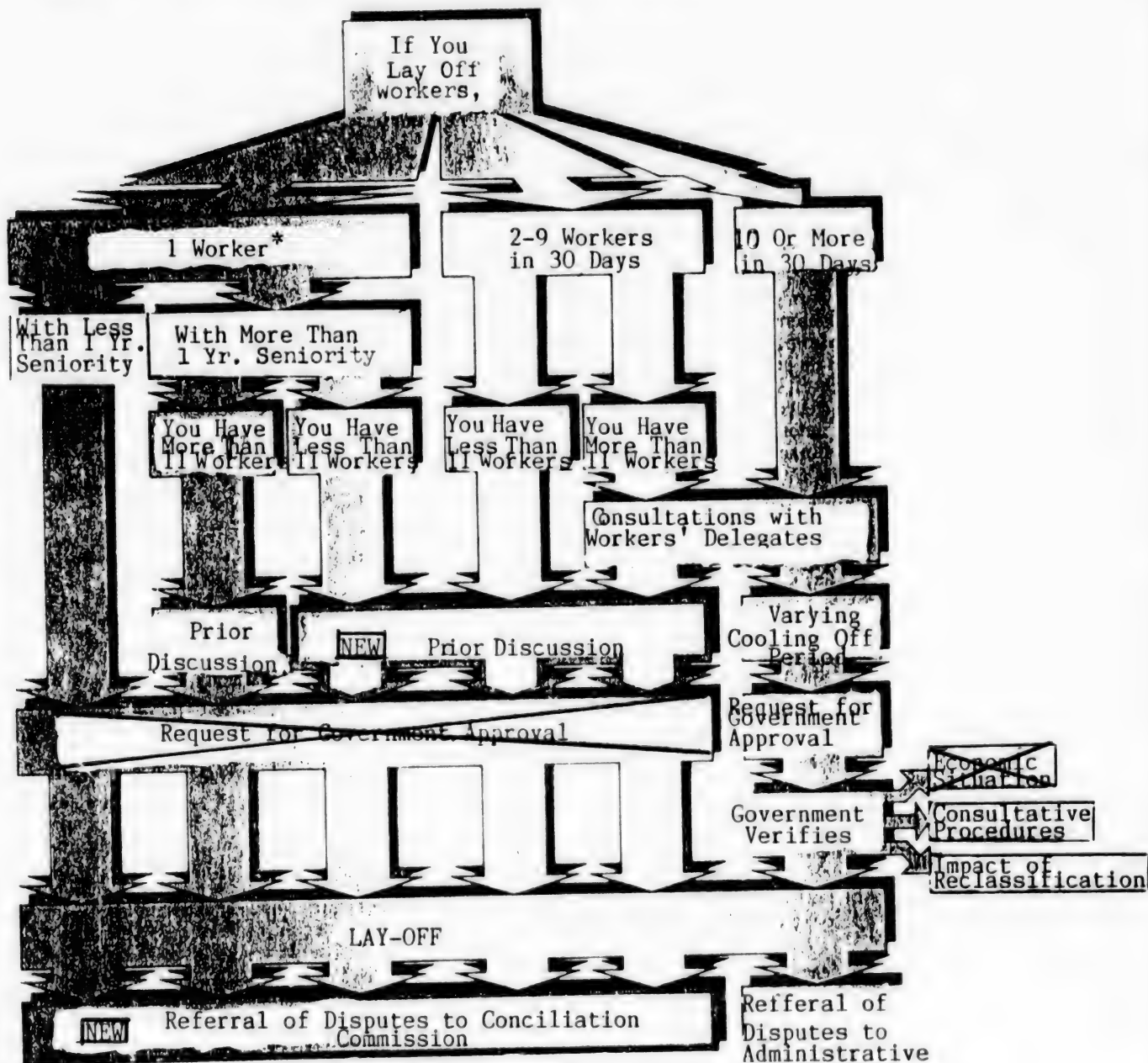
Meanwhile, the government checks to ensure that existing procedures (of law and under collective bargaining agreements) for consultations with representatives of the personnel involved and for reclassification and compensation accepted by the company are followed.

Finally, two points of general relevance should be emphasized (that is, whatever the number of lay-offs):

--The abolition of government control over hiring and firing, whatever the reason, during a period of 1 year after a lay-off for economic reasons;

--The continued validity of procedures for consultation with the representatives of the workers, provided for by law, occupational agreements or collective bargaining agreements, and cooling off periods flowing from these procedures.

Table 2 - Procedure for Lay-Offs: What Has Changed



\* If the worker is a cadre, a report must be made to the Company Committee (or, failing that, to worker delegates (Interprofessional Agreement of 2 Oct 1969,))

## MARTENS ON BUDGET CUTS, OBSTACLES, TRADE UNIONS, EDUCATION

Brussels LE SOIR in French 26 Jun 86 p 2

[Interview with Wilfried Martens, prime minister of Belgium, by Guy Depas, Catherine Ferrant, Saturnin Gomez and Benedicte Vaes. First paragraph is introduction]

[Text]--I hope to head an administration that will be concerned only with employment, when the terrible burden of the debt has disappeared.

--When the economic and budgetary needs disappear, emotional issues return quickly: community, coal and iron and steel problems.

--I have the feeling that I have met the bulk of the CSC's worries.

--If employers and the unions do not reach an agreement, the government will act on 15 September to provide competitiveness and employment for youth. If there is no agreement we must force.

--My group is beginning to be well broken in. I am always happy to see men--particularly young ones--gain political experience.

--I have suffered more than in all the rest of my political career.

--If there must be a change, one thing is certain: we will not delay.

Wilfried Martens, who is in "constant pain while fighting for economic improvements" and who is emerging from a period which he himself qualifies as the most difficult of his political career, has finally broken his long silence by being interviewed by our paper. This surprising silence was even beginning to be criticized by his own colleagues.

Is he going to chop heads? Change the administration?

[Question] Mr Damseaux, your minister of national education (francophone), is entirely against it, or almost...

[Answer] The past is the past. A change in the administration's makeup can only be seen as the indication of a change in order to go further!

[Question] So it is not a question of punishing?

[Answer] It can only be a question of implementing everything in order to meet our goal.

[Question] Let's talk about this goal...

[Answer] I am still obsessed by budgetary reform. If I am able to do that I will be relatively indifferent to everything else.

[Question] Everything else, such as employment?

[Answer] Let's not be mistaken. I would love to head a government that had to worry only about employment. But that can happen only when the terrible burden of the national debt is taken care of.

Constant Pain

[Question] A very long-term outlook?

[Answer] I hope that after the budget audit at the beginning of 1987 we can say: O.K., now all the time and energy that we have can be devoted to the distressing problem of employment. Don't think that austerity is something easy and agreeable to implement. It is constantly painful to me to have to do this. But it is absolutely indispensable. Otherwise, we will not accomplish anything. And the future, especially the future for our youth, will be compromised.

[Question] When will you draw up the balance sheet?

[Answer] At the end of the legislative session we will have a positive balance sheet. A model for Europe!

[Question] Only at the end of the legislative session?

[Answer] My hope is that by the spring of 1987 we will be able to say: we have done the bulk of what had to be done. The patient is not yet completely cured but he is improving rapidly. My hope is to be able to say soon: it's not over yet but we already know that we are saved.

[Question] Aren't you afraid that some obstacles will prevent you from reaching your goal?

[Answer] The governments that I have headed for 5 years have been primarily confronted with economic and budgetary problems: that has been their unifying thread. Community problems, Limbourg coal works, Cockerill-Sambre: all of that has been decided and will be decided more easily when the number one priority is elsewhere, in the necessity of budgetary improvements. Because necessity makes everyone understand and accept the approach taken.

[Question] Not everyone seems to be following you down this path. Teachers are in revolt, the unions and employers are contesting Val-Duchesse ...



[Answer] We cannot get the unions to agree with a plan of such scope; even the IMF says it is unprecedented among industrialized nations.

#### The Elusive CSC

[Question] But might not the Christian union, your principal ally, drop you?

[Answer] We do not yet know what the CSC's final attitude will be. But I believe that on the whole I have met their concerns. We have corrected our measures on the unemployment of women as far as we can within the framework of our goal. But who can think it normal that an unemployed couple living together with a net taxable income of over 750,000 Belgian francs should receive 12 billion in annual subsidies? This is not compatible with the budgetary situation. Besides, the FGTB as well as the CSC realizes the necessity of budgetary reform.

[Question] Wouldn't it have been better to have had some preliminary cooperation?

[Answer] But we have practiced cooperation! With one small exception: until 1981 we did not decide anything because labor and management could not agree. It was horrible! Now, after having listened to everyone's advice, we are deciding, since this is our role and our duty. We must govern and accomplish our goal, despite individual interests, for the good of the whole.

#### Education Is Important to Me

[Question] What "general interest" are you defending in education, where your plans have pitted everyone against you?

[Answer] Education is very important to me. It was the most important liberating factor in my life. And you know, at that time, it was traditional education! The new method does not have a monopoly on this liberation, but I'm not saying that the new method does not have positive aspects. I am trying, with respect and caution, to analyze what has been done in education these past few years. I think we must combine the new with the important points from the past.

As for budget reform, this is necessary precisely in order to preserve the future of our youth. The youth of today are the ones who will have to pay the burden of our debt.

[Question] In the world of education it has been stated (and shown) that some of the measures proposed at Val-Duchesse will simply be impossible to implement for the next school year.

[Answer] After Val-Duchesse we began a cooperative effort with the educational community. At the end of this political and technical discussion important modifications were made. For example, we partially spared rural education and occupational training.



## The Impossible Consensus

[Question] Do you think that the principle of consensus, which has been used until now within the education agreement committee, is outmoded?

[Answer] It is no longer applicable. The government will submit to this committee its draft decrees which could have an effect on the educational climate. But the lack of a consensus cannot put a break on government action. This is urgent.

[Question] How do you explain the fact that the two ministers of national education each give different appraisals on the subject of employment? Mr. Damseaux claims that we will hire teachers while Mr. Coens states that we will lay off several thousand.

[Answer] Some people have said that 28,000 teachers would be laid off. It will be less than half of this figure over 3 years. However, it is true that the repercussions will be different in the north and the south of the country.

[Question] Does the combining of the two educational systems seem more and more inevitable to you?

[Answer] We take each day as it comes! For the moment, I don't want to complicate things. In any case, change can only take place as part of a continuum. For the immediate future we are planning to suggest a cooperative effort in the fall which will have a dual goal: to evaluate the situation after school starts and to prepare to implement the second phase of economic restraints for the next year. If it should turn out that some things are not feasible, I could propose an alternative plan which would keep the same budgetary objective.

## Forcing Employers

[Question] There is one group that we have not talked about yet: employers. Are you counting on their support? If it is not given spontaneously will you force it?

[Answer] My reply is a double yes! An interprofessional agreement should be concluded between employers and unions. If it is not, the government should take the initiative to avoid a vacuum at the end of the year. Competitiveness of firms should be ensured and an effort should be made to encourage employment, especially for youth.

[Question] If there is a disagreement will you step in on 1 August or will you give the parties additional time?

[Answer] We want to be set at the very beginning of September. If we are not we will act around 15 September to implement a system leading to salary increases where possible and under circumstances described by the government statement. This system will lead in particular to employment. The fruits of salary restraint should not be divided just between employers and active workers; those who are unemployed should also benefit.

[Question] Do you want the cooperative effort to fail so that you can set up your plan, which seems to be all ready?

[Answer] What are you trying to say! It would be better to have an agreement. The public authorities, who are not "in the field," will run into more difficulties trying to meet the goals than will the parties themselves. But lacking an agreement, we must force.

National Debt: Do Better?

[Question] Couldn't you do more and do better to consolidate the national debt?

[Answer] It is first of all essential to do what was decided. Believe me, it is not that easy to find 30 billion...

[Question] Even some bankers think that without upsetting the laws of the market we could have gone further...

[Answer] That should be possible in fact. And no one has said that we couldn't go further. But, I repeat, by adhering to the principles of voluntary restrictions.

[Question] And what about tax evasion? Strong emotions have been vented on the future that the taxpayers' charter has reserved for the office of special tax inspection (ISI).

[Answer] During the Kirschen affair I distinctly said that I was in favor of strong punishment for tax evasion.

[Question] But you said nothing during the Artois affair.

[Answer] (Violent reaction.) I say the same thing: without being relentless, but without being weak.

[Question] However, the charter...

[Answer] Evasion must be punished but taxpayers' rights must not be curbed.

[Question] Does the fact that the courts can call upon ISI experts alter the rights of citizens?

[Answer] Judges can always appoint the expert witnesses of their choice. But the responsibility for the preliminary hearing remains theirs and according to the terms of the charter they will be assisted by specialized magistrates.

[Question] Do you think that there is still a lot of evasion to find in Belgium?

[Answer] I hope not..for the moral health of our citizens.

[Question] Maybe you hope so for the health of the state's finances?

[Answer] (Smile.) That is a cruel thought that I will not attribute to myself.

#### A Well-Broken-In Group

[Question] How do you judge your current cabinet politically?

[Answer] It is unified and is beginning to be well broken in. New men have arrived; not many, but they are important. My concern was to integrate them with the others and this is the basis of what others have called delaying on my part. If I had wanted to put the motor into high gear in March it undoubtedly would have broken.

[Question] Don't you think that within the government some men have begun to have a lot of influence?

[Answer] I am always glad to see men--particularly young men--have influence! My position is temporary. Others must take over one day.

#### Such a Long Silence

[Question] You were silent for a long time, Mr. Martens. Too long?

[Answer] That's not true. I spoke a lot and at the necessary times. My caution was rooted in the importance of the issue. During the past 7 months I went through a difficult period. I suffered more than in all the rest of my political career. Do you think that we have remained impassive and insensitive to the immensity of the effort that we have asked of people? To the complaints that they have? I have the respect of the people and of the various shades of opinion, as divergent as they can be from what I think myself. I listen. I try not to compromise discussions and cooperative efforts in progress--and there have been many--by untimely or hasty statements. I am convinced that by acting otherwise, by not taking into account the Belgian system, I would not have succeeded. I am suffering, you know: it is painful to hurt others, even when it is necessary. Now I am going to explain. And to explain more and more so that people understand the scope of what we have done despite the dis-information. Believe me, in politics you cannot improvise.

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CSO:3619/55

## TURKEY'S 'BEGGING' FOR EEC MEMBERSHIP CRITICIZED

Istanbul MILLIYET in Turkish 6 Jun 86 p 2

["Angle" column by Muntaz Soysal: "Pathetic"]

[Text] It is useful to return to the EEC issue even at the cost of repeating ourselves because it has gone from being distressing, pathological and depressing to being revolting.

Listening to Claude Cheysson on the program called "32nd Day" on TV two days ago you must have had the same feeling: On the one side there is a Turkey which is ready to give its soul to enter the EEC and which is looking beggingly into the eyes of Western statesmen to see the light of full membership; and on the other side there is a haughty Europe.

This haughtiness has for the moment found the pretext of democracy and human rights. It is more or less obvious what other pretexts it will find tomorrow.

This will go on like this indefinitely. It will go on until Turkey's membership in the EEC becomes profitable for the other members.

For the moment, Turkey's membership is not profitable: It is not beneficial from the standpoint of granting free circulation rights to workers and it is not profitable from the standpoint of the initial aid that will have to be given.

There is also the emotional factor of not counting the Turks as being part of Europe for numerous reasons beginning with the fact that the Turks are not Christians.

But let no one worry. As soon as Turkey's membership becomes profitable for Europe--and that will happen one day--they will know how to overcome even these emotional and cultural obstacles. Because the most fundamental element in the West's approach is, very justifiably, the quest for self-interest.

The Turkish attitude, on the other hand, is based on exactly the opposite approach, one that is full of emotion and complexes rather than the quest for its own interests which is distressing, pathological, depressing and revolting.

We must hammer down some things into our heads. First of all, let us understand that the place to answer the question "Are there human rights and

democracy in Turkey?" is not the EEC, but the Council of Europe. It is true that the EEC is as much an economic community as a collection of nations who agree on the fundamentals of democracy and human rights, but that does not mean that countries which are not members of the EEC do not have democracy and human rights. One example is Sweden.

By European standards, Turkey obviously has problems on the issues of democracy and human rights. But the EEC is not the place to argue about and to get endorsements on these issues.

Moreover, membership in the EEC is not a guarantee for either democracy or human rights. We can create the only and true safeguards for them within ourselves.

Secondly and more importantly, membership in the EEC is above all a matter of calculations and bookkeeping and should not be turned into a fait accompli because of emotional complexes.

But if Turkey will insist on begging, then let no one doubt that those who can make correct calculations on the issue of self-interest also know how make us pay the bill for our begging: "So you really want to enter. Then give us this and that; say yes to this; agree to this..."

For example, agree not to raise any disputes over the Aegean.

For example, give up Cyprus.

Are these the bills we are willing to pay for the sake of snobbery, saying "mon cher" and boasting "we are also Europeans" like stupid elderly women?

Because, otherwise, it is not very rational for a country which has as close ties to the Middle East and the Islamic world as the West to give up, knowingly and by its own volition, the advantages that can be gained from this bidirectional position and to hitch itself to the tail end of a rich men's club. This is a rich men's club which is slowly going beyond being just an economic community and moving toward political integration. Are we going to join them when they spit on Libya and curse Iran?

Even worse, what right do we have to tie the fate of the man in Anatolia--which we have not been able to develop properly--to the fates of men in Brussels, Paris or London? Or more explicitly, what right do we have to allow them to be exploited by the Europeans?

This is a decision on which the curse may last for generations.

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CSO: 3554/401



## SIGNIFICANCE OF CHANGES IN CHAMBERS LAW EXAMINED

Istanbul DUNYA in Turkish 15 May 86 p 4

[Summation of open forum on amendment of Law No. 5590 on Chambers and Exchanges, held at Etap Istanbul Hotel by panel moderator Fasih Inal; date not given]

[Text] Examined objectively, Law No. 3277 which amends Law No. 5590 on Chambers, Exchanges and Associations does not seem to be filled with unconstitutional clauses as is commonly believed. There are uncertainties on some points, but in general there are no big deficiencies.

The most important change brought by the amendment is the introduction of the "councils," a new institution that will go between the chambers and exchanges and the Turkish Union of Chambers [TUC]. It is understood that the councils will more or less take over the functions of the professional committees in the chambers and exchanges.

It also appears that the councils have been introduced to prevent the disproportional representation of various sectors during elections for the TUC Executive Council. Under the current system, the inverse relationship of capital and numbers between industry and commerce chambers in particular is having an adverse effect on elections, and the chambers of commerce have exploited their numerical superiority to dominate TUC elections.

Under the new implementation, chamber and exchange councils will be elected for terms of 4 years, and council chairmen will take turns as the President of the TUC General Assembly. However it is not clear how 5 council chairmen will serve 1 year each as general assembly president over a term of 4 years. One is almost tempted to say: "Let each one serve for 9 1/2 months." Consequently, unless this issue is clarified further--and that is no longer possible--it will have to be resolved through gentlemen's agreements, and the president of the fifth council will probably have to serve as the first the General Assembly President of the next term. We cannot think of any other options, but the experts on this topic can perhaps find another way.

Other than these, the most notable changes in the law are with regard to provisions on professional committees. The first change concerns the large chambers. According to the change, in chambers with more than 10,000 members, the professional committees will consist of 5, 7 or 11 members. In addition,



professional committees in such chambers will be able to send 2 or 3 delegates to the general assemblies. This may change the general assembly picture of the large chambers significantly.

Another important article stipulates that those elected to assembly membership can serve in only one of the assemblies of chambers or exchanges with the same area of activity. At first glance, the article gives the impression that an individual cannot serve in the assemblies of two different chambers or exchanges. But the phrase "same area of activity" obfuscates the issue. Because neither commerce nor industry chambers nor securities exchanges are involved in the same areas of activity as each other. Those which are in the same area of activity--and that by a long shot--are, for example, the Istanbul Chamber of Industry and the Adana Chamber of Industry. In other words, an individual is perhaps barred from serving in the general assemblies of two chambers in two different cities. But if you ask us, this provision will not work very easily. In any case, how many individuals are there in such a position?

One important provision is that members of executive councils will not be able to serve in that capacity for more than 10 years. As a result of this provision, we may see changes in the faces we have been accustomed to in executive councils. However, in the case of this provision one may ask: For example, can an individual who has served in the Executive Council of the Istanbul Chamber of Commerce for 10 years be elected to the Executive Council of the Istanbul Chamber of Industry?

It is seen that this provision was watered down afterwards. Because before the enactment of the bill, the provision "they cannot be elected before one electoral term has passed" was added on. Thus, old-timers have the chance of getting elected again after one electoral term has passed.

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CSO: 3554/92

## POLITICAL ALIGNMENTS REPORTED IN CHAMBER ELECTIONS

Istanbul TERCUMAN in Turkish 29 May 86 p 13

[Text] Ankara--The ordinary general assembly meeting of the Turkish Union of Chambers [TUC] will begin at the Akun Theater today. The meeting will last 3 days. Most of the 992 registered TUC members are expected to attend the meeting.

"Anteroom activity" is already intense in connection with the elections to be held on "the last day" of the meeting.

The chambers of commerce and industry, joint chambers of commerce and industry and maritime commerce chambers are trying to determine the delegates they will send to the councils that they have to establish by law. The councils, consisting of 123 members, will elect 9 of the 15 members of the TUC Executive Council. The remaining 6 members will be selected from among the council delegates, also by the councils.

According to information leaking from anterooms, the election of certain individuals to the 30-member council to be formed by the chambers of industry seems to be certain. Some of the names mentioned include: Ersin Faralyali, Ali Coskun, Mumin Erkunt, Ali Naili Kubali, Rona Yircali, Feridun Alpat and Ibrahim Bodur. It is rumored that a basis of compromise has been reached on electing Ibrahim Bodur as council chairman.

The chambers of commerce, the joint chambers and the maritime commerce chambers are continuing their work to determine their council delegates.

Who is Whose Candidate?

It is the impression of TUC circles that Ersin Faralyali and Ali Coskun, whose names are mentioned as possible candidates for election to the Executive Council from the councils, are "close to the government" as representatives of the liberal right. It is said for Ali Coskun: "At the time Yazar resigned his position as [TUC] president, Turgut Ozal insisted that he [take over.] They have had very cordial relations since old times."

President Ersin Faralyali is another candidate supported by the large industry and commerce chambers. However, it is said that Faralyali's chances of being elected TUC President for another term are slim because of his failure to

block the changes imposed by the government in the Chambers Law and his "inability to defend the interests of TUC because he is not in Ankara very often."

It is also said that Feridun Alpat is being groomed as the candidate of the Correct Way Party and that "Gungor Yener has had close ties to [former Prime Minister Suleyman] Demirel for a long time."

The elections will be held on the last day of the assembly meeting. The 15-member Executive Council to be elected will elect the TUC's president at a meeting it will hold later on.

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CSO: 3554/92

## FIRST STATE ENTERPRISES PICKED FOR PRIVATIZATION

Istanbul DUNYA in Turkish 28 May 86 pp 1,9

[Text] Ankara--The Morgan Guaranty Bank of the United States, which prepared the project for the privatization of State Economic Enterprises [SEEs], has completed its most recent report. The report will be reviewed at meetings to be held on 29 and 30 June and to be attended by Prime Minister Turgut Ozal.

The Morgan Guaranty Bank's latest report covers the implementation program of the privatization project, the goals of privatization, the general plan of action and actions with regard to the SEEs that will be privatized first.

The report states that no serious obstacles remain to begin the privatization program and that the government must begin work to sell Turban, the Turkish Airways and Usas as well as some corporations associated with Citosan and Yemsan in the next 2 years. Noting that successes achieved in the first implementations can have a major influence on the establishment of confidence in the concept of privatization, the bank report asks for the immediate start of the implementation phase.

Noting that administrative work in most SEEs is run by contract personnel, the report states that they have been provided very few incentives. The report says on this issue:

"The training and attitude of administrative-level personnel in SEEs are not suitable for running an enterprise with profit goals. The salaries and promotion of senior administrators must be commensurate with the success of the enterprise. Also, as the government has suggested, civil servants employed in SEEs must be encouraged to abandon their status of civil servants. In order to affect such a change, legal arrangements must be made to protect the rights of these civil servants. These civil servants must keep their civil service retirement benefits and must be given compensation, bonus and promotion opportunities."

The report points to the need to rid commercially-oriented SEEs--as opposed to those which provide public services--of government subsidies and such social functions as the artificial creation of jobs and to operate them on fully commercial principles, adding that the proposed personnel and administrative reforms will help to raise the productivity of the SEEs. Noting that changing the ownership of the SEEs will not void the government

guarantees for their debts, the report says that this issue must be made a bargaining point during negotiations with organizations wishing to buy or to lease the SEEs.

### Termination of Employees

Stating that the SEEs slated first for privatization do not have an excess employment problem, the report says that SEEs which have this problem have been divided into two categories: those which are candidates for privatization and those which are candidates to remain in the government sector. The report says on the issue of excess employment: "From a macroeconomic standpoint, the excess employment in the SEEs is not significant compared Turkey's general unemployment problem. In reducing employment in the course of the restructuring program to be implemented, natural methods must be used such as first terminating those whose retirement is pending. In addition, the early retirement option must be introduced. In the first phase, those who wish to resign without being forced must be terminated. Those terminated must be given generous financial compensation. SEEs whose continued operation is seen suitable in some regions must be given support. In such cases, the consumers and not the SEEs must be subsidized."

In its last section, the report enumerates SEEs with the highest priority for sale and explains implementation plans for the SEEs to be sold first. The 32 SEEs reviewed are divided into 62 operational categories and examined for their economic value and investment needs. The report reviews market surveys, future demand trends, the SEEs' prospects of competing internationally and their financial performance. The report also states who the prospective buyers may be and what sales procedures may be used for the SEEs, which are categorized as "first priority," "second priority" and "third priority." The report lists Turban, the Turkish Airways and Usas as well as some corporations associated with Yemsan and Citosan as first priority SEEs to be sold. Tigem, the Turkish Petroleum Corporation [TPAO] and Etibank are also included in this group. The report proposes to make TPAO a holding company with two subsidiaries, one consisting of Botas and the other consisting of Tupras and the Petroleum Office. The report says that revenue-sharing bonds may be issued for Botas. The report proposes that Etibank, too, be turned into a holding corporation and states that profitable operations such as borax and chromium processing plants may be sold by floating stock shares and that the aluminum processing plants may be leased.

The second priority group in the report includes: Sumerbank; the Turkish Milk Industry Organization; the Post, Telephone and Telegraph Administration; the Turkish Electric Power Enterprise; the Meat and Fish Association; the Turkish Coal Works; the Machine and Chemical Industry Establishment; the Turkish Shipbuilding Industry; the Forest Products Industry; the Tea Producers' Organization; Turkish Sugar; the Turkish Cellulose and Paper Factories; the Petrochemical Corporation; Tugsas; the Turkish Iron and Steel Works; Asok and the Turkish Stone Corporation. Third priority SEEs include: the State Equipment Office; the Turkish Maritime Trade Enterprises; the Turkish State Railways; the State Airfields Enterprises; the Soil Products Office; TZOK [expansion unknwn] and the Turkish Aircraft Industry Corporation.

The report, which proposes special implementation plans for the first SEEs to be sold, says that Usas, Turban, the Turkish Airways, Citosan and Yemsan can be sold to domestic and foreign firms. The report proposes that the monopoly status of Usas be ended in two years and that the agreement with the State Airfields Enterprises be reviewed, adding that Turban may be merged with domestic or foreign tourism firms or could be directly sold. The report states that the Turkish Airways could be sold to investors in the Turkish and international capital markets, foreign airlines and Turkish Airways employees by floating stock shares or management agreements could be reached with foreign firms. The report proposes that Citosan's factories in Western Turkey could be sold individually or in groups to Turkish or foreign cement firms and adds that factories in the east must be improved to be sold later.

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CSO: 3554/95



## FRENCH FIRM PROPOSES TO BUILD EUROPE-ASIA TUNNEL

Istanbul HURRIYET in Turkish 28 May 86 pp 3,21

[Report by Atilla Dagli]

[Text] Immediately after the first steps toward the improvement of relations between Turkey and France, the well-known French firm Bouygues submitted a proposal to the Istanbul Metropolitan Municipality to connect the European and Asian banks of the Bosphorus by an underwater tunnel. In their proposal to Istanbul Mayor Bedrettin Dalan, officials of the firm offered to build the tunnel for FF 3.295 billion (around 329.5 billion Turkish liras) on a "build-operate-transfer" basis. Speaking about the "Bosphorus Tunnel Project," which may be built without spending a single penny from City Hall coffers, Mayor Dalan said: "It is a very interesting proposal. We are examining it."

The world-renowned French firm Bouygues, which is building the world's longest submarine tunnel under the English Channel between the port of Calais in France and the town of Dover in Britain, came to Istanbul with an excellent proposal. According to the proposal, the tunnel between Sarayburnu and Semsipasa will be built in 3 years with French government loans. Feasibility work for the tunnel has been completed. The tunnel will be built by sinking concrete blocks 70 meters beneath the water. The total length of the tunnel will be 3 kilometers, while its underwater part will extend 1.2 kilometers. The tunnel will house three transportation lanes. The tunnel, which will have a special air conditioning system, will be 30.70 meters wide and 5.90 meters high. The tunnel will have one traffic lane for cars in each direction and a middle lane for a fast cable car or a train. One of the reasons for making the tunnel that long is the low incline needed for the cable car or train. Officials of the firm stated that they would like to operate the tunnel for 50 years and that, however, this is open to bargaining.

The project also includes entry and exit roads to and from the tunnel. The coastal road which begins in Eyup on the Golden Horn [European] bank will end at the entrance of the tunnel, 400 meters before Sarayburnu.

On the Anatolian bank, the underwater part of the tunnel will end in Semsipasa but it will continue over water until Harem because of the incline required for the cable car or train and will merge with highway E-5.

## Interesting Proposal

Stating that the French proposal is the most interesting made in recent years, Istanbul Mayor Bedrettin Dalan said:

"The 'build-operate-transfer' formula, which we have used since we took office, has worked so well that everyone has been proposing to us on that basis. Most recently, the French came up with a proposal that is more difficult but cheaper than the Bosphorus Bridge to build. They told us that they wish to build the Bosphorus tunnel, which has been debated for many years. They have prepared a project for this. We will examine this project. If we like it we will accept it; if we do not, we will thank them for their effort. Today, foreign governments are competing with each other to lend money to the Istanbul municipality which at one time could not pay salaries. The project includes French government loans. It is interesting from that standpoint as well."

9538

CSO: 3554/96

## COSTS, STATUS OF SECOND BOSPORUS BRIDGE DISCLOSED

Istanbul DUNYA in Turkish 28 May 86 pp 1,9

[Text] As the construction of the Second Bosphorus (Fatih) Bridge--whose cornerstone was laid on 29 May 1985--completes its first year, work on the project continues with a rapid pace. So far \$153 million has been spent and 1 million cubic meters of soil has been excavated for the bridge whose total contracted cost is \$551 million. The Highways Directorate General has spent 20 billion Turkish liras for the condemnation of properties through which the bridge and 216 kilometers of autoroutes will pass.

Work on the Second Bosphorus Bridge and the 216-kilometer autoroute network--whose cornerstone was laid on 29 May 1985 and whose construction was begun in December 1985--is proceeding on five construction sites of which two are on the Anatolian bank and three are on the European bank of the straits. The contracting consortium, composed of Turkish, Italian and Japanese firms, worked intensely during the past year mainly to procure financing, to determine the areas of responsibility of each firm and to complete the construction work in the 1,100 days promised. The Turkish firm, STFA, and the Italian firm, Impreglio, have excavated 1 million cubic meters of soil in the five sites they have been working on and are continuing their work on building installations for concrete mixing and rock crushing, equipment purchases and road construction. On 29 May 1987, the second anniversary of the foundation laying ceremony for the bridge, the bridge will be assembled. The steel tower components being built in Japan by the Japanese members of the consortium will be floated to Turkey at the end of the year. The bridge's steel cables were ordered from a British firm.

According to information given by officials of the Second Bosphorus Bridge consortium, 80 percent of the construction equipment needed--which will cost a total of \$103 million--has arrived in Turkey. The remaining deliveries are expected to be completed by the beginning of June. While work continues on the search for a solid rock bed to build the bridge's supporting towers, work on pouring concrete and laying asphalt on the autoroutes at the concrete and asphalt installations built on both banks is expected to begin in June. Stating that much more than the first \$50 million advanced has been spent, consortium officials said that the administration of the project has not given them what they are owed and that they have used their own resources for most of the money spent on the project.

Meanwhile, the Highways Directorate General has completed the 20-billion-lira portion of the 30-billion-lira condemnation of properties on the path of the Second Bosphorus Bridge and the 216-kilometer connecting autoroutes. All properties lying on a 70-kilometer stretch between Kinali and Mahmutbey and those between the 13th and 37th kilometer posts on the Anatolian bank have been condemned for 20 billion Turkish liras. Total condemnation costs of all properties will total 30 billion Turkish liras.

The Second Bosphorus Bridge which was contracted for \$551,261,000 to the STFA of Turkey, Impreglio of Italy and Ishikawajima and Nippon Kikon Mitsubishi of Japan will be completed in 1,100 days. The bridge will have four lanes in each direction and will span a distance of 1,090 meters between the two supporting towers.

9588

CSO: 3554/95

## CHEAP OIL, NEW PAYMENT SYSTEM AFFECT EXPORTS TO IRAN, IRAQ

## SPO Report on Impact of Lower Oil Prices

Istanbul CUMHURIYET in Turkish 15 May 86 p 9

[Text] Ankara--A State Planning Organization [SPO] report says that real prices may increase if the relative decline in oil prices exceeds the inflation rate and currency exchange rate adjustments. Stating that oil price drops will cut the export income of OPEC countries, the SPO report insists that the countries most adversely affected by that development would be Turkey, Italy, Greece and Japan. The SPO report states that Turkey's foreign exchange earnings from exports of iron and steel products, textiles, apparel goods, agricultural and food products and contracting will be adversely affected by the decline in the incomes of oil exporting countries.

The report says that it would be impossible to compensate for the loss of exports to oil producing countries by increasing exports to OECD countries in the short term.

Noting that keeping oil prices constant at their 1985 levels is equivalent to discounting them by the inflation rate, the SPO reports adds:

"However, real prices would rise if the decline in the import prices of crude oil exceeds the inflation rate or currency exchange rate adjustments. The reflection of world oil prices in domestic costs will lead to cost differentials between Turkey and other countries. To compensate for this difference it will be necessary to adjust the currency exchange rates. Such a move will limit the means of cutting the inflation rate in the country. This development will also have an adverse effect on the inflationary expectations of economic decision agencies."

## Effects of New Payment System to Exporters

Istanbul DUNYA in Turkish 15 May 86 p 3

["View" column by Uluc Gurkan: "A Fresh Blow to Exports"]

[Text] Turkey's exports will decline whether we like it or not.

Although the current international situation has been emitting signs of optimism, it is known that that same situation will exert adverse pressure on

Turkey and particularly on its exports to Iran and Iraq. In fact, we have already begun openly bowing to these pressures.

The Money and Credit Council was forced to take a decision which will largely end exports to Iraq. Until yesterday, in the case of exports on credit, exporters were paid the full value of their goods upon the completion of accreditation formalities, in accordance with agreements between the central banks of the two countries. As of yesterday, however, exporters began to be paid only 77 percent of the value of their goods in accordance with new regulations. According to the new system, 3 percent of the value of the exported goods will be excised for the Price Support and Stability Fund and the remaining 20 percent will be paid to the exporters when the full amount is collected from Iraq.

Whether the full value of the exports will be collected within a year--as was the practice so far--or whether it will be collected in two years, as Iraq has demanded, will be clarified at the end of the Turkish-Iraqi talks which are currently at an impasse.

Who can risk being paid so much later and export to Iraq? If one can do that, at what price?

The only chance of resolving this problem is to reinstate the former system of paying the exporters in foreign currency for their goods rather than pay them in Turkish currency as it is done now. Another way out is to offer very low interest loans for exports to Iraq.

Even if such preferential steps are taken to promote exports to Iraq--at the cost of opening gaping wounds in the current economic policy--will Iraq accept the higher prices which will be necessary?

The \$1-billion Iraqi market, together with the equally large Iranian market, will inevitably shrink significantly as a result of the latest decision of the Money and Credit Council, which comes on the top of the weakening of the two markets of their own causes. Thus, it appears that the work of the Undersecretary of the Treasury and Foreign Trade, Ekrem Pakdemirli, who stated only two days ago in a written statement that the \$8.3-billion export target--revised downwards from \$8.7 billion--could be surpassed, will be more difficult. It appears that particularly in the case of Iraq, export losses will exceed a natural decline of \$300-400 million and will assume proportions which cannot be compensated for in other markets.

9588

CSO: 3554/91



## SALES TO IRAN, IRAQ DOMINATE IRON-STEEL EXPORTS

Istanbul DUNYA in Turkish 28 May 86 p 3

[Text] Ankara--It was determined that 83 percent, or \$804.4 million worth, of Turkey's 1985 iron and steel exports--totaling \$968.8 million--were made to Iran and Iraq.

Of that amount, \$507.2 million worth of iron and steel products were exported to Iran and \$297.2 million worth of goods went to Iraq.

In 1984, 69.8 percent, or \$402.6 million worth, of a total iron and steel export volume of \$576.4 million went to these countries.

According to the information obtained, iron and steel exports to Iran rose by 179.1 percent while those to Iraq rose by 34.6 percent over 1984.

Of the 40 different iron and steel products exported to various countries--mainly to Iran and Iraq--last year, 84 percent, or \$811.6 million worth, were 6 items. Iron and steel bars topped the list of these products with \$292.5 million. These were followed by plates with \$143 million, formed iron and steel products with \$129.8 million, piping with \$120.4 million, profile iron products with \$99.8 million and rolled sheet blanks with \$26.1 million. The export value of these products totaled \$472.3 million in 1984 with a share of 82.1 percent of the total iron steel exports.

Iron and steel exports (thousand U.S. dollars)

<u>Country</u>	<u>1985</u>	<u>1984</u>	<u>Percent change</u>
Iran	507,151	181,723	179.1
Iraq	297,215	220,850	34.6
Other	164,406	173,830	-5.4
Total	968,772	576,403	68.1

Share of Iran and Iraq in total exports: 83.03 percent.

## THRACE NATURAL GAS PIPELINE BIDS OPEN

Istanbul DUNYA in Turkish 6 Jun 86 pp 1,9

[Text] Bids will open on 17 June for the Thrace Natural Gas Pipeline that will be built for transporting the natural gas that will be bought from the Soviet Union. The 800-kilometer pipeline, on which four consortiums will bid, is expected to be completed and put into operation in 1 1/2 years.

Bids for the Thrace Natural Gas Pipeline were expected to open at the beginning of 1985 but this was postponed until now for various reasons. Although BOTAS (Petroleum Pipeline Shipping Corporation) officials promised at the time that the bidding date will be in 1985 and will not extend into 1986, the bidding will begin only this month. Four consortiums will participate in the bidding on 17 June. Turkish firms which have formed consortiums with British, Italian and French companies have completed their preparations.

One of the consortiums that will submit bids consists of the Atilla Dogan company--which built the Ipras-Haramidere Petroleum Pipeline--the Kutlutas company and two French firms, Ennepolte International and E.T.M.P. The E.T.M.P. will work on the 50-kilometer pipeline that will pass under the Marmara Sea. Another consortium that will submit bids on the Thrace pipeline is made up of Enka, Citiecapag of France, and Fluor and Brown and Root of Britain. The third consortium consists of Mannesman of FRG, Bonati and Gama of Italy and the Turkish firms Guris and Tokar. The fourth consortium that will bid on the Thrace pipeline is a joint venture between Tekfen and its Italian partners, Saipem and Siampragetti.

Bids on the 800-kilometer Thrace Natural Gas Pipeline which will be built with an investment of \$400 million will be reviewed and a decision will be announced in 2 months after they are submitted. The Thrace pipeline whose construction is expected to begin in the autumn of 1986 will extend from Bulgaria border to Ankara.

The pipeline will begin in the Soviet Union, will enter Turkey through Bulgaria and will be connected to the Hamitabat Thermal Power Plant. After that, the pipeline will extend to Ambarli at which point it will continue under the sea. The pipeline will reemerge from the sea at Pendik and will continue over land until Igsas. Here it will once again go under the sea and will reemerge in Gemlik. From there it will go on to Ankara.

The Thrace Natural Gas Pipeline whose \$400-million cost will mostly be financed by foreign loans will be completed 1 1/2 years after its construction begins and natural gas purchases from the Soviet Union will begin in mid-1988.

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CSO: 3554/401

## NEW AGRICULTURAL POLICY PLANNED TO PREVENT OVERPRODUCTION

Istanbul HURRIYET in Turkish 29 May 86 p 4

[Report by Nursen Bulgun]

[Text] Ankara--The government has been forced to make new arrangements in the face of difficulties caused by [agricultural] overproduction. From now on, the government will put agriculture production "under discipline." Committees to be formed will determine and announce the quantity of each agricultural product to be needed for a given year. This way a more healthy supply and demand equilibrium will be established. The producer will know how much he can sell in the domestic and foreign markets and will adjust the quantity he grows accordingly.

Officials stated: "This way tomatoes and peppers will not be dumped into the sea. Tea and tobacco will not rot in warehouses. Citrus will not be used as animal feed." The officials said that this implementation will also insure price stability.

--The State Planning Organization [SPO] has begun preparing a draft bill entitled "Law on Agricultural Product Councils" at the instructions of Prime Minister Turgut Ozal. According to the bill, the establishment of the councils will be included in the government's executive plan. The councils will be empowered to determine the consumption quantity and the quality of agricultural products.

'Overproduction Alarming'

Osman Ozbek, President of the Turkish Union of Agricultural Chambers, stated that the draft bill being prepared by the SPO was proposed by his organization to the government last year. He said: "What is important is the law and not which organization prepares it. If this law had been enacted last year, this year we would have a planned policy on seed imports and the areas to be planted and consequently a planned production quantity and quality. We are afraid of a production explosion. We will not be able to sell our produce. There are no markets." Giving an example of this problem, Ozbek said: "Last year potato seeds were imported. We had a large crop. We asked the exporters to market the surplus, but it could not be done. Our crop was not the kind demanded in Europe. The potatoes we grew would crumble when boiled. They contained too much water and too little solid substance. If a market research had been conducted before the seeds were imported this would not happen."

--Meanwhile, Minister of Agriculture, Forestry and Village Affairs Husnu Dogan said that "soybean, sunflower, potato, cotton, corn, vegetable and fruit seeds are being imported and distributed to the growers." Dogan said that the seeds that were imported in January, February and March are high-yield and disease-resistant seeds. Noting that the imported seeds distributed to the farmers are subsidized, Dogan said: "With these imported seeds, this year we are expecting a crop of 905,000 metric tons of sunflower, 250,000 metric tons of soybeans, 4,000,000 metric tons of potatoes and 2,400,000 metric tons of corn."

9588

CSO: 3554/93

## COLUMNISTS COMMENT ON TOBACCO DEREGULATION

## Impact on Imports, Growers Examined

Istanbul MILLIYET in Turkish 29 May 86 p 10

["Thoughts of Thinkers" column by Professor Fethi Incekara: "Turkish Tobacco and Growers Are Being Dragged Into an Adventure"]

[Text] We have learned from the papers that with a motion submitted [to the President of the Assembly] the state monopoly on tobacco is being ended and that the sector is being privatized--that is it is being turned over to the private sector.

Apart from the issue of ending of the state monopoly over tobacco and the privatization of the sector, the main problem is the importation from overseas --or more exactly the United States--of Virginia and Burley-type tobaccos, needed for the American-type cigarettes to be manufactured by private factories that will be built.

For centuries, the Turkish State Monopolies Directorate General strongly opposed all efforts to import foreign tobacco and closed all doors against other tobacco producing countries in order to foster the growing, processing and export of our Oriental type high-quality tobaccos and to protect the source of income of nearly 3 million people, most of whom are growers as well as workers, civil servants and exporters.

## Status Intact After 12 September

The Minister of Agriculture on the government cabinet formed after 12 September did not permit this status to be changed despite the pressures of American cigarette firms and local holding companies.

The issue was extensively discussed by the "Tobacco Research Subcommittee" which is affiliated with the "National Tobacco Committee," an official organization composed of experts from university agricultural schools, the Ministry of Agriculture, Forestry and Village Affairs and the State Monopolies Directorate General (particularly the Maltepe State Monopoly institutes). The report prepared for the government by the subcommittee was submitted to the National Tobacco Committee which approved it. The subcommittee's recommendations were:



--Measures must be taken to foster the further development and continued production of our world-famous Oriental type high-quality tobaccos.

--The Virginia and Burley-type tobaccos, the raw materials of the American-type cigarettes that are enjoyed by some smoking addicts today, must be grown in suitable areas in the country without importing a single leaf from abroad, and research and testing on this subject must begin immediately. To that end, it is recommended that:

a) Such tobaccos be processed in the new factories to be built (including private ones); and

b) The surplus be exported.

In fact, the problem is too broad and complex to be discussed in a small article here and is a national issue which has agricultural, economic and political ramifications.

#### Great Misfortune

Consequently, in my opinion it is a great misfortune for the country that such a courageous decision has been taken and a law has been enacted without consulting with competent organizations and experts on the subject and without examining the reports that have been prepared. The most rational and economic course would be to grow the large-leafed, higher-yield Virginia and Burley-type tobaccos in suitable areas in our country after proper research to meet the demand while continuing our traditional tobacco agriculture which is a source of income for poor farm families in poor lands which are not suitable for any other kind of agriculture. Everyone knows that Prime Minister Ozal can establish a fund for this purpose as well.

Getting dragged into an adventure which cannot be corrected in the future would not be such a great stride for the Turkish tobacco industry which earns as much foreign currency as cotton and fresh and dried fruits and for the Turkish farmer who grows tobacco with hard labor and great care.

The door must neither be completely closed nor completely opened; the most correct course is the middle one.

#### Tactics in Passing Tobacco Bill Seen as 'Trap'

Istanbul HURRIYET in Turkish 29 May 86 p 3

["Article of the Day" column by Oktay Eksi: "Midnight Trap"]

[Text] There are 3 million tobacco growers in our country. If you include those who consume and sell it, that number could reach half the population of the country.

This means that the "lifting of the tobacco monopoly" is an issue that is of interest to almost everybody. Furthermore, it is an important and complex issue. That is why, after many days of contemplation we could not decide whether the elimination of state monopoly over tobacco would benefit or harm our country. Consequently, we did not express an opinion about it.

An issue of such proportions was decided on without any debate at a midnight session of the Assembly two days ago.

The issue was not discussed or debated because the Motherland Party government simply outwitted the opposition. While another bill (that of the privatization of State Economic Enterprises) was being discussed, a motion submitted to the President of the Assembly was voted on and approved before anyone had a chance of understanding what it said; the motion appended the provisions of the draft bill on "Tobacco Monopoly," which was supposed to be discussed the next day, to the bill under discussion that night. Thus the opposition's prepared arguments and motions for the next day were nullified in a matter of seconds.

At first glance what was done is an ingenious move. In fact, one day prior to this event, Prime Minister Turgut Ozal had said: "We can stick the Tobacco Monopoly bill in this opposition." (Forgive us, but these are not our words.)

Therefore this game was previously planned. Apparently, that is what Ozal relied on. It was learned that after the Tobacco Monopoly bill was passed in the blink of an eye Ozal mocked the opposition by saying: "They still have not understood what happened."

But it is more important to understand the consequences of "what happened," that is the degradation of the Assembly debating procedures. It would at least help to find the real causes of the crises that may emerge tomorrow or the next day.

As is known, there are certain procedures with regard to the discussion of a bill in the Assembly. The only purpose of the bylaws that set these procedures is "to insure that the best decision is taken." One condition for taking the best decision is that no fait accomplis are attempted over any issues. Because if the procedures are followed everyone can express his thoughts on the issue being reviewed, and the assembly can find the correct way in the light of these views.

But the ending of the state monopoly over tobacco through a motion submitted during the discussion of another bill is, as Correct Way Party Assembly Group Leader Memduh Yasa stated, "so dangerous that it may eliminate any trust in the review process of bills." Once such a precedent is set it is possible, for example, to pass the Civil Law by appending its clauses to the Title Deeds Law with a sleight of hand. At the minimum, such a precedent could enable a government lacking good will to blow up the foundations of our legal system by a single stroke.

The main drawback of the opening of this course is the prospect of eroding of the Assembly which is the representative of the national will and transforming from being the main element of decision making into a show.

But let us admit that this "midnight trap" successfully set by Ozal for the opposition is not the first of its kind, but the second.

In the first incident, Mr Ozal legalized the institution of "financial consulting" by appending a clause to the tax laws.

One wonders when the opposition, which remained silent the first time and did not wake up the second time, will learn that Mr Ozal is not an easy opponent to contend with.

9588

CS0: 3554/93

## BRIEFS

**CUKUROVA WHEAT HARVEST**--The harvest of early-sown wheat has begun in fallow and high altitude areas of the Cukurova region. The harvest on the plains will begin in the last week of May. Adana Chamber of Agriculture President Nedim Girmen said the harvest has begun in the normal season as in previous years. He said: "In 1985, 3.1 million decares were planted and a crop of nearly 100,000 metric tons was harvested. Although this year the planted area was increased by 200,000 decares to 3.3 million decares, the crop yield is expected to drop by 10 to 15 kilograms per decare. The average wheat crop yield in the region will be around 250 kilograms per decare." Stating that 1,000 and 1,500 combines will be employed in this year's harvest which is expected to be completed by mid-June, Girmen asked the producers to use combine operators who have received achievement awards in order to minimize grain losses. Noting that the increase in the area of land planted with wheat this year was caused by the high cost of cotton farming, Girmen said: "Because of their financial difficulties, the growers began planting wheat--which has lower growing costs than cotton--and secondary crops." [Istanbul DUNYA in Turkish 14 May 86 p 6] 9588

**CUSTOMS EXEMPTIONS LIFTED**--Laws exempting public agencies from all customs and stamp duties and fees have been abolished. The law ending the exemption of public agencies from customs duties was published. According to Law No. 3283 which was published in yesterday's edition of the Official Gazette, all customs duty exemptions granted to public agencies and organizations including municipalities, public service corporations and their affiliated partnerships and organizations, private organizations, real persons and corporate bodies by laws establishing such organizations as well as by other laws have been abolished. The law preserves the provisions of laws 261, 474 and 933 which authorize the Council of Ministers to make decisions regarding customs duty exemptions. According to Law No. 3283, the Council of Ministers will be empowered to decide on the reinstatement of customs duty exemptions for public agencies and organizations, public service corporations and their affiliated partnerships and organizations, real persons and corporate bodies which were previously granted exemption from customs duties by special laws. However, goods that have arrived at customs stations, which have been financed with foreign credit, which have already received import permissions and which have been paid for before 13 June, which is the date the new law goes into effect, will remain exempt from customs duties. [Istanbul DUNYA in Turkish 14 May 86 pp 1,9] 9588

**DAMS TO END ISTANBUL WATER SHORTAGE**--It has been disclosed that Istanbul's water shortage problems will end with the completion of four dams, two of which are under construction and two of which will begin construction soon. With the new dams, the amount of water pumped to Istanbul will increase by 1.3

million cubic meters a day to 2 million cubic meters a day. Officials stated that the Buyukcekmece Dam, whose construction was begun in 1984 and which will be completed at the end of this year, will pump 350,000 cubic meters of water a day. The officials stated: "In addition to the Buyukcekmece Dam which will cost 35 billion Turkish liras, the Darlik Dam, whose construction was begun this year and which will go into operation in November 1987, will pump 300,000 cubic meters of water a day. Together with the Kucukcekmece Dam, which will be contracted in 1986, and the Isakoy Dam, whose cornerstone will be laid in the beginning of 1987, these dams will solve Istanbul's water shortage problem." Officials of the Istanbul Metropolitan Municipality, who stated that Istanbul's water shortage problem will be completely solved by the end of 1987, said that in addition to the construction of dams they are spending 400 billion Turkish liras to repair existing distribution networks, reservoirs, purification installations, pipes and pumping stations. [Istanbul HURRIYET in Turkish 14 May 86 p 19] 9588

TRADE SURPLUS WITH ISLAMIC COUNTRIES--The decline in crude oil prices has turned trade with Islamic countries in Turkey's favor. While in the first 3 months of last year Turkey had a trade deficit of \$169 million with these countries, in the corresponding period of this year it had a surplus of \$97 million. The most negative development in foreign trade occurred in commerce with EEC countries. Turkey's trade surplus of \$3.8 million with these countries in the first 3 months of 1985 turned into a deficit of \$321 million in the corresponding period of this year. In other words, in the first 3 months of last year Turkey exported \$101.6 worth of goods to the EEC for each \$100 worth of goods it imported from them. In the corresponding period of this year, Turkey exported only \$70 worth of goods for each \$100 worth of goods it imported. Turkey's trade deficit with socialist countries rose from \$38.7 million in the first quarter of last year to \$70.7 million in the corresponding period of this year. Turkey's trade deficit with countries other than Islamic, OECD and socialist nations also rose compared to 1985. The trade deficit with such countries rose from \$68.8 million in the first 3 months of last year to \$185.4 million in the corresponding period of this year. [Istanbul DUNYA in Turkish 28 May 86 p 3] 9588

CHANGES IN PAYMENTS FOR WHEAT--The government decided to pay 60 percent in advance and 40 percent 2 months later in wheat purchases. The government will pay a little more than 20 percent interest on delayed payments. The government also decided to allow the farmers to use the 40-percent accounts receivable document against their debts to the Agricultural Bank. The Soil Products Office and the Agricultural Bank have reached an agreement on this issue. According to the information obtained, the Soil Products Office will give the farmer a document for the 40 percent owed to him for wheat purchases. When the farmer presents this document to the Agricultural Bank, the bank will cancel the farmer's debt in the amount shown in the document. However, the farmer who does not have any outstanding debts will not be able to cash this document at the Agricultural Bank. Thanks to the document the farmer with outstanding debt will no longer have to make cash payments to the Agricultural Bank and will be able to use the 60 percent cash payment for his needs. Meanwhile, farmers who deliver wheat to the Soil Products Office in June will be paid 80.80 Turkish liras per kilogram. The 40-percent delayed payment will be computed over 83.20 Turkish liras in August and 84.20 Turkish liras in September. Soil Products Officials stated that this translates into an effective interest rate of a little more than 20 percent and that the "current prices" refer to these numbers. [Istanbul HURRIYET in Turkish 29 May 86 p 16] 9588



## ARMED FORCES STUDYING REPLACEMENT FOR RED EYE MISSILES

Copenhagen BERLINGSKE TIDENDE in Danish 8 Jun 86 p 80

[Article by Nils Eric Boesgaard: "Ten-Year Studies Before Purchase of New Missiles for Armed Forces"]

[Text] The armed forces are not in too great a hurry to purchase new materiel, but it is also to last for a period of 25 years.

No one will say that the armed forces act rashly when they go shopping. "It takes between 5 and 10 years to make the final decision," Lieutenant Colonel V.D. Nielsen says, who is chief of the Armed Forces Command Materiel Staff Planning Section.

It is the materiel staff which in the course of the late summer or fall is to make the final decision regarding from where the armed forces are to order 14 million kroner worth of new personnel-borne missiles for the close-range air defense system.

It was these missiles which resurfaced earlier in the week when it was reported that the American congress at the recommendation of President Ronald Reagan had given permission for the exportation of 336 Stinger missiles to Denmark.

Aside from the fact that permission had been given, the story was incorrect. In part, the Danish armed forces have not yet decided to purchase the Stinger missiles, and in part it is not a question of 336, but of a far greater number.

"We have not decided which missiles we will buy, but it is no secret that our interest is now concentrated on four types," Lieutenant Colonel V.D. Nielsen says. They are the Swedish Robot 70, the English Star Streak, the French Mistral and the American Stinger.

The new missiles are to replace the 20-year-old Red Eye missile, which is to a great extent obsolete; among other things, it cannot hit an enemy plane from in front or from the side, but rather directs itself toward the hot exhaust, with the result that it first reaches the target when the plane is on its way off after having done what damage it could.



When the final decision regarding the new type of missile is at hand, the manufacturer will be requested to send an "LOA". That is, a Letter of Offer and Acceptance, or a price bid together with a purchasing contract.

"There are two things the armed forces base their purchases on. They are, in part, an assessment of the threat from outside. That is, how necessary the procurement is for the fulfillment of the armed forces' mission, as this is defined in the defense draft. In part, how much money there is at our disposal."

"If, for example, as now, it is a question of a new close-range air defense system, then on the basis of the defense draft a draft is made for the army, and within the army, in turn, a draft for sections, for antiaircraft defense, for example."

"When the mission has been described, a study panel is appointed. This includes representatives of the service, the service staff, the service's materiel command, the Armed Forces Command and specialized schools in the field, which begin to assess the possibilities, right from rifle grenades to missile-armed helicopters."

"To begin with, the panel works out the ideal solution. As a rule, this proves to be too expensive. Then we proceed to assess what it would be possible to get on three realistic economic levels: That we figure we will be able to afford. Something which is a little less expensive. And something which is a little more expensive."

"It takes a long time. For example, we have worked for 10 years on the army's close-range air defense. It has been discussed back and forth. Reports have been developed for the research service. The Armed Forces Command has looked at them. They were sent for a hearing at the Materiel Command, and they were compared with comparable studies in other NATO countries."

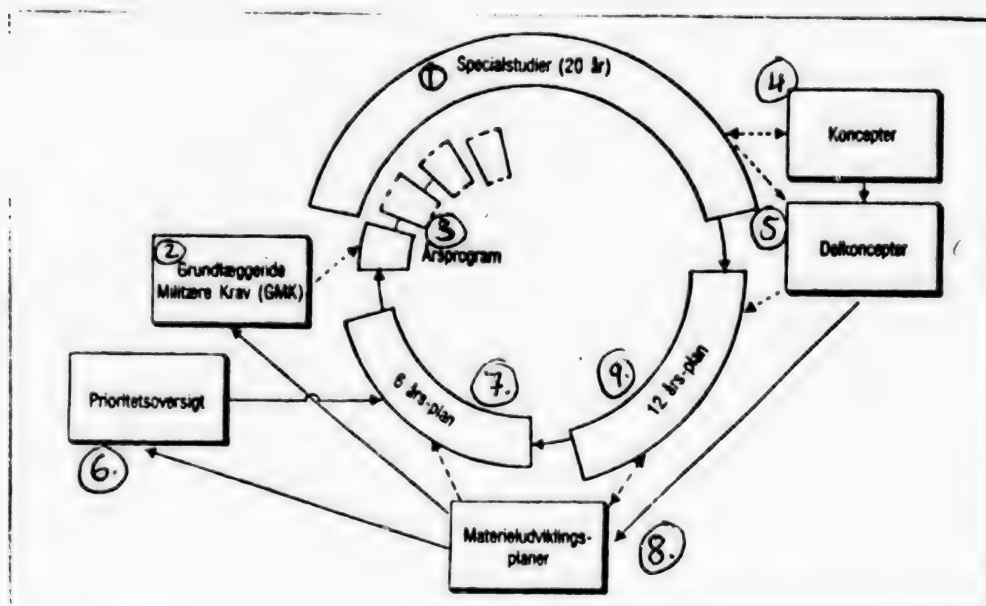
"When the Armed Forces Command has accepted the study panel's proposal, they start to work out the basic military requirements (GMK's). These are a set of technical specifications which describe precisely what is needed and what the Materiel Command can use in its inquiries to manufacturers. If it is a question of a missile, for example, they will ask about its speed, range, how high it will be able to fly, whether it can engage planes from in front and from the side, or from what distance it can see a helicopter."

#### The December Package

"Now a prefatory market study is begun, in which the bids we receive become a little more binding for the firms, which at the same time will be required to present a detailed description as to whether the weapons live up to the requirements and of what they cost."

"When the information is at hand, the technical assessment of the prefatory market study follows, and we are now far enough ahead that we can begin to apply for an appropriation. In principle, the armed forces gather all

appropriation petitions to the Defense Ministry in a so-called December Package, which then ends up in the Finance Committee."



The diagram shows the procedure for the armed forces' materiel procurements, which often stretches out over a very long term of years. The top semicircle shows longterm planning. The two quarter-circles, more detailed materiel trends, and annual programs, where they really begin to formulate the basic military requirements (GMK's) for new procurements.

Key:

- |  |                               |
|--|-------------------------------|
| 1. Special studies (20 years)          | 5. Partial drafts             |
| 2. Basic military requirements (GMK's) | 6. Priority survey            |
| 3. Annual program                      | 7. Six-year plan              |
| 4. Drafts                              | 8. Materiel development plans |
|  | 9. Twelve-year plan           |

"When the appropriation is at hand, the final decision-making process is begun," Lieutenant Colonel V.D. Nielsen says, and concludes: "This includes the choice of weapon, contract negotiations, negotiations regarding subcontracts by Danish industry, an assessment of how large a crew the use and maintenance of the weapon will require, and of which repair and depot facilities will be necessary. The final ordering of the weapon selected takes place first when these concluding studies are in place." This can appear slow, but it must be remembered that the system will perhaps have to last for a period of 25 years, and that each missile costs a half million kroner.

8831

CSO: 3613/159

## OSTERGAARD COMMENTS ON OUTLOOK FOR SECURITY POLICY CONSENSUS

Copenhagen BERLINGSKE TIDENDE in Danish 8 Jun 86 p 14

[Article by Thorkild Dahl: "'Security Policy Consensus Will Strengthen Denmark's Standing'"]

[Text] The Folketing's special security policy committee will conclude its two-year job in November. The committee's chairman, Knud Østergaard (Conservative Party), hopes that the work will be able to eliminate the sarcasms between the government and the Social Democratic Party.

A common Danish position from all parties on foreign and security policy is of great importance for Denmark's standing in the world. The lack of consensus is now making it so that the good-will which Denmark needs in the international context is on the wane.

This is what the chairman of the Folketing's provisional security policy committee says, Conservative Group Chairman Knud Østergaard, and he adds that he hopes that Denmark will again be able to go to meetings between prime ministers, foreign ministers and defense ministers that have 85 percent of the Folketing, and thereby the people, behind defense and security policy viewpoints. This created respect earlier, although Denmark was low in the percentage of the gross national product which went to defense.

The political efforts toward a foreign and security policy truce will continue in September, and Knud Østergaard reports that the government parties and the Social Democratic Party have agreed regarding the procedure for submitting the report, and that the work will be finished before December.

## Confidence in the Committee

"The big question is whether we can deal with the Social Democratic Party. I have placed emphasis on the fact that there is a good climate with confidence and kindness. This has to do not only with viewpoints, but also with the desire to negotiate and the understanding of the wishes of others. We have had reasonable and sensible relations with the Social Democratic Party," Knud Østergaard says, and he points to the fact that the lack of consensus of recent years has made it so that "the good-will Denmark needs in the international context is on the wane, and we have to change this."

Knud Østergaard hopes that two years of work in the committee can eliminate the sarcasms between the government parties and the Social Democratic Party, although a lack of consensus will presumably continue to exist, too, in important security policy questions.

"We will have the political debate in October and November, and political developments out in the world will play a role, but there is also a climate within. On the part of the government parties, we must find a solution together with the Social Democratic Party. We can certainly not deal with the Socialist People's Party (SF). Nor with the Socialist-Left Party (VS) and the Radical Liberals either. There is no basis for this."

"The big question is then whether we can deal with the Social Democratic Party. We experienced before, I will not say anything comparable, but I recall the period when the VKR [Liberal-Conservative government] came in 1968, and the Social Democratic Party felt deserted by us, and when they started in opposition to conduct an opportunistic policy and, among other things, presented a proposal with Kjeld Olesen as spokesman with four months of service time. This was a totally new defense system in comparison with what had been agreed on up to then. And nevertheless we got to work ourselves away from it. This was a time when what the Norwegian and West German Social Democrats thought played a role," Knud Østergaard says.

#### Relations with Allies

[Question] The committee work is progressing peacefully, but in the House of the Folketing there have concomitantly been 20 settlements with resolutions which went against the government. Where do the serious points come in the concluding work?

[Answer] "There are some considerations it is not really possible to get around. It remains in question whether Danish soldiers or West German soldiers are to defend Denmark's southern border, and whether Zealand is to be left to itself or is to continue to count on its belonging to the NATO area."

"Therefore I also believe that when we enter the concluding stage it will be to a large extent the relations with our allies which will come into the center of the discussions. For our part, it is the reinforcements problem area which is the central one. Then this can be associated with nuclear weapons and the North as a nuclear-weapons-free zone, because it is my opinion that NATO cannot begin to draw the distinction that forces are to behave in one fashion in Denmark and another in Norway and a third in Central Europe. It is an element of NATO's strategy that nuclear weapons enter in. If we place ourselves outside all this, then we are not behaving as an equal partner in the NATO context. And here then we are near the crux of the matter, for our entire system is based on surveillance, intelligence, preparedness, and the development of our own might, and, ultimately, that we can call in forces from outside. If we cannot do this on an equal footing with everyone else, then we are not occupying the same place. This is the crux of the matter," Knud Østergaard says.

[Question] Will it be possible to work further without there continuing to be settlements with countless inquiry debates and resolution motions?

[Answer] "No, not as long as the SF and VS are in the Folketing. But if the Social Democratic Party, on the other hand, to some extent commits itself to a joint policy in a number of areas with the government parties, it will be hardly so interesting for the Socialist People's Party and the Socialist-Left Party to put on a show, and the Social Democratic Party - Socialist-Left Party coalition will fade into something questionable."

Social Democratic Party (S) and Socialist People's Party (SF) Are Jealous

[Question] But at the same time as the government parties and the S are seeking agreement, the S-SF coalition appears, and the SF is identifying itself with a totally different security policy line regardless of the movements, not so?

[Answer] "I do not think that this is my problem. There is much talk of a socialist majority and a socialist government. There is no one who hates one another as much as the S and SF, and there is no one who is as jealous of one another to the same degree as the S and SF. The worst thing that has happened in the Social Democratic Party's history is that they have gotten a rival for the entire labor movement and for the entire socialist wing, and accordingly up to now they have sought to smother it in love. The more they do this, the more they legitimize the SF, and the bigger the problems become for themselves. For this reason I believe then that one fine day it will dawn on them that this is not the way out. That Social Democrats must continue to be social democratic. A large part of their votership is, and if the Social Democratic Party does not see this, then they will reduce the Social Democratic Party to a little or medium-sized party which is of somewhat the same size as the SF."

8831

CSO: 3613/159

## VALMET TEST FLIES TROUBLE-PRONE L90TP TURBOPROP VINHA TRAINER

Helsinki HELSINGIN SANOMAT in Finnish 3 Jul 86 p 9

[Article by Jyri Raivio: "Turbovinha Flying Again, Test Flight Program Conducted in Secret"]

[Text] Kuopio--The test flight program on Valmet's second L90TP Turbovinha aircraft was begun in secret in Kuorevesi's Halli.

The first flight took place last Tuesday, and more than a dozen test flights were conducted in secret in two days. During that time the company's Chief Test Pilot Ari Piippo did not find any defects worth mentioning.

The first Turbovinha crashed during a test flight in Halli in the spring of last year. One of the Air Force's most experienced test pilots, Lieutenant Colonel Paavo Janhunen and test flight engineer Juhani Jaaskelainen perished along with the aircraft, which crashed through the ice for reasons still unknown.

Soon after the accident Valmet made a decision to continue the program and build another prototype. The aircraft, to which several aerodynamic changes were made in comparison with the first prototype and which is also equipped with an emergency escape system for the pilot, performs in all respects as designed according to Piippo, and for the time being at least no need was found for any major changes.

## Farnborough Is Goal

Piippo, who was transferred to the services of Valmet from the controls of a MiG 21Bis jet destroyer aircraft at the Karjala Flight Detachment in Rissala, will fly the Turbovinha to England in the beginning of September to participate in the Farnborough Air Show. Before that, however, a so-called experimental airworthiness certificate, the procurement of which was the objective of the first test flights, will be obtained from the Finnish Aviation Administration for the experimental aircraft.

Before departing for England Piippo must also practice all the flight movements to be presented at the air show and required by the show's organizers.



They include, among other things, a spin, which is like the uncontrollable flight condition that resulted in the unfortunate fate of the Turbovinha's first prototype.

Valmet intends to be a serious participant at Farnborough. For the purpose of selling the Turbovinha the company has hired its own marketing chief and for the first time is now also using the services of an advertising agency in the sales promotion of the aircraft. Valmet will sell this new aircraft, designed as a training aircraft for the Air Force, on the international markets under the name of L90TP Redigo.

10576

CSO: 3617/136

## ITALIAN, BRAZILIAN FIRMS DEVELOP AMX ATTACK AIRCRAFT

Rome SCIENZA DUEMILA in Italian No 6, Jun 86 pp 79-82

[Article by Alberto Mondini: "A New Achievement; AMX, A Forward-Looking Aircraft"]

[Excerpts] The test pilots are very enthusiastic about it: Egidio Nappi and Napoleone Bragagnolo of Aeritalia, Franco Bonazzi and Riccardo Durione of Aermacchi, and Luis Cabral of Embraer have nothing but praise for the AMX, which is easy to handle, responsive, and equals or exceeds specified performance levels through all stages of flight.

This aircraft, which is two-thirds Italian and one-third Brazilian, is a new achievement in the history of cooperation between the Italian Air Force and industry. First of all, it is not a "fighter" but an attack aircraft designed to give tactical support to ground forces. It is able to defend itself against air attack; that is, it is armed with cannons and air-to-air missiles which enable it to engage in air combat with a fair chance of victory.

The AMX is provided with all the avionics indispensable for the performance of its mission in a difficult environment, where electronic measures, countermeasures, and counter-countermeasures overlap one another invisibly, and where it is necessary to hedgehop, find a target, and hit it. In this respect, the AMX avionics are a step forward even when compared to the Tornado

in terms of navigation/attack systems (to assure effectiveness with a single pass over the target) and with regard to the electronic flight controls. As on the Tornado, they are the fly-by-wire type; that is, the information relating to the pilot's commands is transmitted from the control column to the different actuators through electrical signals, although on the AMX the controls are of the analog-digital type. The latter afford greater flexibility, especially in the horizontal tail surfaces (where the equilibrator is located, which at one time was known as the "elevator"), and also because of the multiple functions performed by the spoilers: gust attenuation, reduction of lift and aerodynamic braking in coordination with the wing flaps which are also used in maneuvering), and transverse control in coordination with the ailerons. The central computer control, which is the brain of the flight control system, is the product of cooperation between Aeritalia and the British company, GC Avionics, formerly Marconi Avionics. It is set up for connection to an automatic pilot which will not be able to replace the human pilot but only assist him.

This central control computer is a dual system; that is, there are two complete computers. While only one is needed, the second is provided in accordance with the principle of redundancy, which is the basis of flight safety. The dual computer is connected to the entire navigation/attack system through a digital databus. The bundles of wires have all disappeared, but all the information flows along the databus. For example, it receives input from the radar, the inertial navigation system, TACAN [tactical air navigation], VOR/ILS, radiogoniometer, and radioaltimeter, and supplies information to the pilot through displays. The Head Up Display (HUD) system deserves mention: As the reader knows, in this system a semitransparent mirror presents before the pilot's eyes the most important data and the navigation and attack symbols, and allows him simultaneously to see the terrain in front of the aircraft so that passage from instrument to visual navigation is instantaneous.

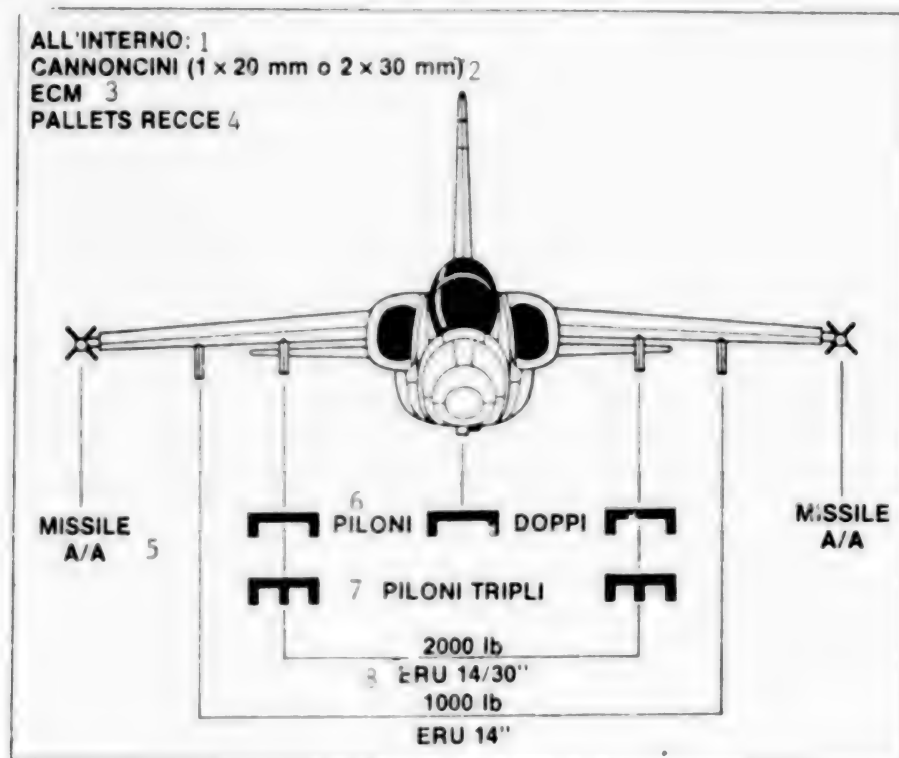
The radar selected for the current AMX configuration is the Fiar "Pointer" 2000, a minimal weight (60 kg), compact apparatus with extremely low energy consumption, but with excellent performance and high reliability. It operates on X-band (10 GHz) and is appropriate for air-to-ground and air-to-air missions at low and very low altitudes. The information it furnishes -- the distance

from the target and variations of that distance -- is used to compute the firing data. The "Pointer" is equipped with specific devices, including those which provide frequency agility, in order to operate in environments where high concentrations of electronic countermeasures are present.

Particular attention has been paid to means of protection against countermeasures, including equipment to warn the pilot when he is inside an enemy radar beam and to inform him of approaching missiles, as well as two dispensers for chaff (metal strips which have been in use since the end of World War II to confuse radar) and/or flares (a type of bengal light which emit intense light to deflect missiles equipped with infrared search warheads). There are more powerful interference and electronic and optoelectronic decoy systems, and there will be even more in the future. In contrast with many other aircraft, including some modern models, these systems are housed within the aircraft instead of being hung on pylons beneath the wings, which thus remain entirely free to accommodate ordnance. Instead, a "pod," a type of empty torpedo, is attached to the ventral joint to permit infrared optical reconnaissance.

Armaments include one or more cannons for self-defense and nearly four tons of external ordnance which can be coupled to four pylons beneath the wings. The cannons are one 22 mm rotary barrel Vulcan in the Italian Air Force version, or two 30 mm single barrel DEFA's for the Brazilian Air Force [FAB]. Infrared guided air-to-air missiles are slung under the wingtips--for the Italian Air Force version the highly tested AIM-9L Sidewinder; for the FAB the locally made Piranha, which will go into production by the end of the year. The AMI missile has also been proposed. The external loads, which are handled by the SMS (Store Management System) include different types of bombs (gravity drop, gliding, braked, dispersion, and laser guided), rockets, dispensers for submunitions, and air-to-ground missiles. The latter may be selected from Maverick or Harm anti-radar missiles, which were deployed by the Americans in the Gulf of Sidra incident with such brilliant results, or anti-ship missiles such as the Cormoran and the Marte for the Italian Air Force and the Exocet for the FAB. A different radar, which is less sensitive to electromagnetic wave reflection from surface waves and is able to focus downward, has been provided for the AMX for naval operations.

This aircraft, which has been designed for easy maintenance, is well equipped with inspection hatches--there are more than 200 of them and the majority are at man height. The aircraft has been designed to withstand powerful blows in several areas without disintegrating. It certainly would be destroyed by a direct missile hit, but the strength of the structure, the duplication of structural elements, and the onboard systems ensure survival against less severe damage. Moreover, after a breakdown of one of its principal systems, the AMX can continue its mission without significant degradation of its capabilities. The automatic diagnostics system for breakdowns completes the overview of this aircraft.



Key:

- 1) From the Inside Outwards
- 2) Cannons (1x20 mm or 2x30 mm)
- 3) ECM [electronic countermeasures]
- 4) Recce pallets
- 5) Air-to-air missiles
- 6) Double pylons
- 7) Triple pylons
- 8) ERU [electronic reconnaissance unit]

8621

CSO: 3698/M173

## RESEARCH AGENCY ORDERED TO STUDY EARLY LEAVING OF SERVICEMEN

Stockholm DAGENS NYHETER in Swedish 14 May 86 p 8

[Text] The Government has commissioned the National Institution for Defense Research (FOA) to investigate why so many resign from the armed services.

Civil as well as military personnel, in some areas, have taken permanent leave to such an extent that the problem has become serious. A few isolated stabs at the problem is no solution to the multitude of problems that exist. So said the Minister of Defense, Roine Carlsson, when he addressed the congress of the Officers Association that began Tuesday. A key demand from the officers is substantial pay increases, among other things, to try to put a stop to so many leaving within the services.

"For security policy reasons, the Government was forced to take special measures to cope with the pilots, however, it is not to be viewed as a precedent. The groundrule governing questions of pay, says for them to be handled in normal wage negotiations," said Roine Carlsson. "There is, of course, a connection between pay demands and our ability to recruit and to maintain attractive professional career categories. It would be like sticking your head in the sand to overlook this, said Roine Carlsson, and stressed that meeting pay demands is only one of many ways of keeping personnel in the services."

"Due to resignations, many work locations are now approaching the critical boundary where they are unable to handle their work assignments. The reason is the shortage of personnel. It easily becomes a vicious circle. The workload increases for those that remain and that results in additional resignations. We must, therefore, be on our guard and really pay attention to the requirement for personnel."

13232/12858  
CSO: 3650/213



## OFFICERS ASSOCIATION WANTS CUT IN CONSCRIPT CALL-UPS

Stockholm DAGENS NYHETER in Swedish 14 May 86 p 11

[Article by Lars Ramclint: "Officers Demand: Draft Fewer Conscripts"]

[Text] Reduce the number of conscripts that are drafted for basic training. This is one of the demands on the action agenda that the Swedish Officers Association will consider at their congress in Stockholm this week.

Steps to cope with the officers' flight from the armed services is the top priority item on the action agenda. Conscript basic training must be reduced in order to achieve a reasonable balance between availability of officers and the training load, is the opinion of the Officer Association. Better pay for the officers and increased new recruiting are other demands. At the Tuesday opening of the congress, Minister of Defense Roine Carlsson, among other things, spoke about personnel questions within the armed services.

"While earlier National Defense resolutions have been dominated by positions taken on of the big weapons systems, so now personnel questions will be the most important in the next parliamentary decision on National Defense," opined Carlsson.

## Defense Research Institute (FOA) Investigates

"The Government has commissioned FOA to investigate why so many officers resign prematurely and what factors would increase their desire to remain on active duty," revealed the Minister of Defense.

Carlsson was aware that there is dissatisfaction with both pay and working conditions, for example, the frequent changes in duty location and long at-sea duty assignments. "The Ministry of Defense is primarily aiming at reducing the need for transfers," explains Carlsson.

As concerns the pay demands, Carlsson warned against viewing the recent agreement on pilot pay as a precedent. "Pay rates are agreed upon by negotiations between two parties. Do not count on the Government to come in afterward and pick up the pieces or adjust anything, should a few groups have been pushed aside during the negotiations," he said. "The pilots were a special case where security policy reasons necessitated the Government action."

The Officers Association President, Lieutenant Colonel Leif Tornquist, said after the speech of the Minister of Defense, that it is the opinion of the association that special efforts in the area of compensation are necessary. "We had not expected, however, that the employer would end up on our side of the barricade in this negotiation. There was still much in the defense minister's account of the situation that agreed with our own judgment," thought Tornquist.

#### Vicious circle

Better pay does not offer a cure for all evils, he said. It is also important to break the vicious circle that has been created by too few officers facing too heavy a work load, which consequently leads them to also consider resignation. To reduce the draft of conscripts is an action objective that would show quick results.

The current lack of training officers results in conscripts receiving lower quality training than they have a right to demand, and then they get dissatisfied.

#### 1,400 less

The Supreme Commander has also commissioned the Chief of the Army to try calling up 1,400 fewer conscripts next year. An annual batch of conscripts would then amount to 35,000. For some, basic training would then be delayed up to a maximum of three years. At the start of the congress, the President of the Officers Association's head organization, Saco-SR, Jorgen Ullengag, also spoke. He made clear that Saco-SR does not believe in a future merger with TCO. He believes that competitive views are needed when dealing with trade union matters. Saco-SR guards its own special nature, but likes to cooperate with TCO in negotiations about national security and to guard its own members interest regarding the working environment, activity, technical development, etc.

13232/12858

CSO: 3650/213

## CUT BACKS AT METAL FACTORY SEEN HURTING DEFENSE CAPABILITY

Stockholm DAGENS NYHETER in Swedish 16 May 86 p 12

[Article by Goran Ekstedt and Olle Rossander: "400 Jobs Lost at Trollhattan"]

[Excerpts] A shock, but not unexpected. Ferrous chrome production is shut down and 400 are losing their jobs with the U.S. owned Ferroalloy producers in Trollhattan. Demand for large investments to improve the environment brought about the decision.

Overcapacity in the world of the main product, low carbon chrome, is the key reason. This substance is an alloy metal from the production of, primarily, specialty steel.

The surplus is about 40,000 tons of the 320,000 tons produced each year. That largely corresponds to the 30,000 ton annual production at the factory in Trollhattan.

Metallurgic, Inc. in New York, owners of ferrous chrome alloy sites, are the world leaders. The company has two factories, and besides the Swedish one, there is one near Aachen in West Germany. The two factories are almost equal in size.

Loss of millions

The decline of the dollar exchange rate, coupled with a 6-7 percent fall in price, last fall turned the development of ferrous chrome alloy around. After two years of decent profits, that came after a number of losing years, a loss of about Kr.45 Mil. is expected this year.

The decline in the dollar exchange rate alone corresponds to an income loss of 100 million kronor.

The home office in the U.S. was facing the choice of shutting down, either in West Germany or in Sweden. Trollhattan got the worst of it: "We were aware that a situation of choice had developed after the turn of the new year. It was not expected that Ferro would be affected, says Stefan Pedersen, vice-president of the factory association. The investment requirement of Ferro was what triggered the decision," thinks the site-manager, Nils-Gunnar Lindberg.

## Important Links in our National Defense

Ferroalloys and the neighboring industry, Vargon Alloys, sell the alloys required by the steel factories and both are thus important links in Sweden's National Defense economy.

But the shut down threat came as a complete surprise to the Central Board of National Economic Defense, the OEF:

Well, I was there about a month ago and then there was no talk about shutting down, says Bengt-Erik Nilsson, responsible for OEF's metal and engineering bureau.

The two factories produce similar products, but Ferroalloys has specialized in the process of treating the molyb, that which is necessary to produce the Swedish stainless speciality and tool steel of high quality.

The steel factories can, under normal conditions, buy the necessary alloys on the world market, but with any kind of blockade or crises, particularly the specialty steel industry can be threatened.

The Government and OEF have considered the molyb activity so important for the Swedish industry and to military readiness that they contributed about five million kronor as an environmental investment at Ferroalloys in exchange for an agreement that the company will continue its activity in Sweden. It is now the ferrous chrome production that is threatened, but OEF is worried that other activity will disappear, too.

The big plants at Gota Alv have been criticized strongly for their huge leaks. A few years ago, production of ferrous manganese at Vargon was shut down, since the company was of the opinion that it could not meet the demands of the environmental pollution standards. A year or so ago high levels of heavy metals were discovered in the lime sold to the farmers.

13232/12858

CSO: 3650/213

## MINISTRY PLAN: ELECTRICITY NEEDS MET WITHOUT NEW NUCLEAR PLANTS

Helsinki HELSINGIN SANOMAT in Finnish 4 Jul 86 p 23

[Article: "New Energy Program Presented to Government, Trade and Industry Ministry Rejected Nuclear Power and Increased Hydroelectric Power"]

[Text] On Thursday the government received the Trade and Industry Ministry's report on its new electric power management plans for the 1990s. The ministry is preparing an electric power management plan extending until the year 2000 and it does not include the construction of a new nuclear power plant.

The government did not make any decisions in this matter and it did not issue any instructions to the Trade and Industry Ministry. The decisions will be made next fall.

The government is changing its energy plans after the nuclear power plant accident in Chernobyl in such a way that a new nuclear power plant is not being contemplated for the near future in the forthcoming plan to be approved now.

However, the proposal contains the production of more electricity and municipal heating power than before. Some hydroelectric power projects are also apparently being discussed in this new energy policy situation. Coal condensing and peat condensing power plant projects are also being considered.

More accurate calculations on the possible number of plants and expenditures will be presented to the government in the fall.

While the present capacity of electric power procurement is a little less than 11,000 megawatts, the need in the year 2000 will be nearly 14,000 megawatts.

The capacity requirement of a new power plant will thus be approximately 3,000 megawatts or the same estimate as before.

The need for financing remains of the same magnitude as before or approximately 1 billion markkaa over a 10-year period according to an estimate of the Trade and Industry Ministry.

10576

CSO: 3617/136

## BLACK SEA POLLUTION SEEN AS CAUSE FOR CONCERN

Istanbul CUMHURİYET in Turkish 6 Jun 86 p 13

[Text] Ankara--Engin Ural, Secretary General of the Turkish Environmental Affairs Foundation, stated that the discussion of environmental problems has become an issue of public concern as a result of tragic incidents and said: "It is sad but the only positive result that has emerged from this is that the public's sensitivity to this issue has been raised." Stating that the Mediterranean is on the international agenda of environmental issues, Ural said that he does not know of any similar initiatives with respect to the Black Sea and that Turkey must open the Black Sea to discussion in international circles. It was learned that regulations regarding water, air and noise pollution have reached their final stage.

Turkish Environmental Affairs Secretary General Engin Ural responded to CUMHURİYET's questions on the occasion of the World Environment Day on 5 June.

[Question:] Mr Ural, the Chernobyl nuclear accident, which the world experienced a short time ago and about which panic still continues today, became the premier issue in the discussion of environmental problems in all countries. Could we talk about this issue first?

Ural: Yes, that is true. Everyone around the world was aware of the dangers of nuclear energy, but the Chernobyl accident underscored the full scope of those dangers. The truth is that we should not favor nuclear energy so much, but unfortunately the entire world is moving toward this type of energy generation, and it is impossible to prevent that. We must always think about the dangers of nuclear energy, and we must never forget that its effects will not be limited to a single generation.

[Question:] We, too, are moving toward nuclear energy.

Ural: For us, nuclear energy must be a source of energy which we must turn to only when we have exhausted all the other energy resources in the country. If we have to move toward nuclear energy then the technology for environmental protection must be considered first. In other words, when negotiating with firms from various countries, the factor of attraction must be superiority in environmental protection technologies and not lower costs.



[Question:] Could you evaluate the Chernobyl incident from our country's standpoint?

Ural: One cannot say whether the Chernobyl accident assumed dangerous proportions for Turkey. Our information is restricted to what the authorities have given us, and while everyone can dispute that information no one can prove anything. The radioactivity leaks on the location of the accident may move to Turkey through water and land like everywhere else and may become dangerous in the future. Unfortunately, there is nothing we can do on this issue except being careful.

[Question:] Is not the Black Sea a dangerous transmitter with respect to this issue? You have been emphasizing the Black Sea primarily.

Ural: I do emphasize it because the Black Sea is truly a very important problem. In addition to the possibility of nuclear pollution, the Black Sea is being continually polluted because it is an enclosed body of water. It is a sea with a high pollutant content because of the human and industrial waste brought by the Danube from all European countries and pollutants carried by the Dnyeper and Dnyester rivers from the Soviet Union. However, for some reason, the pollution of the Black Sea is not adequately discussed in international forums. In contrast, virtually all countries in the world have joined hands and mobilized to clean up the Mediterranean. The pollution in the Black Sea does not remain there; it passes through the Bosphorus and pollutes Marmara and the Mediterranean to a certain extent. Moreover, Turkey is a country which has a long coastline on both the Black Sea and the Mediterranean. Turkey must examine pollution in the Black Sea with much more emphasis.

[Question:] Mr Ural, the Black Sea is polluted. We have turned the Marmara into a dead sea. The best evidence for that are the signs posted every few hundred meters all along the Marmara coast stating that swimming is dangerous and prohibited. After filling the Golden Horn with muck--which just began to be cleaned out--and turning the Gulf of Izmit into a place where fish cannot live, is it now the Bosphorus' turn?

Ural: All the cases you enumerated are true. In the midst of all these tragic happenings there are two developments that are encouraging. One of them is Istanbul Mayor Dalan's work on the Golden Gate. It is hard not to consider what they are doing as great, good and successful. In order not to overshadow his success in the Golden Gate, Dalan, who has shown the courage to operate on a wound that has gangrened for many years, must also be careful about preventing the dirty water in the Golden Gate from polluting the Marmara Sea and the Bosphorus. The second positive development is the stand taken last spring by the Governor of Kocaeli, the Kocaeli Bar Association, the parliamentary deputies of this province and the residents of Kocaeli against the pollution created by a leather factory.

[Question:] What are the leading causes of pollution in Turkey?

Ural: Mainly the industry which grew in the 1960's and the 1970's. Care about environmental protection was disregarded during that growth. In other

countries, the people who polluted the environment have found ways of reducing pollution. These methods are collectively known as environmental protection technology.

[Question:] Mr Ural, today we only talked about "water." When talking about pollution we must also consider the "air." Is that not right?

Ural: Yes. We must speak about the air beginning with Ankara's polluted air and going to Erzurum, the Murgul Copper Works, Karabuk and the environment of all cement factories. The air is polluted in all these places. Moreover, noise pollution is also a typical environmental problem and stems from human behavior. In summer months, this problem is taken to coastal cities with discotheques, orchestras and traffic. This is a problem which arises from the holiday concept of our people and which is difficult to overcome.

[Question:] The Law on the Environment was enacted in 1983, but one cannot say that it is being implemented in the full sense.

Ural: Yes, but I have learned that regulations on air and water quality, the most important of the governing statutes that must be issued by the Environmental Directorate General in accordance with the law, have begun to be implemented. This is a major step in the direction of better implementation of the law. I would like to add that the municipalities have also begun becoming steadily more sensitive to environmental issues.

#### Evirgen Confirms

Environmental Director General Muzaffer Evirgen stated that the regulations on water quality will soon be published in the Official Gazette and that those on air quality will soon be submitted to the Prime Minister's Office. Stating that the regulations governing noise pollution were submitted to the Prime Minister's Office about 20 days ago, Evirgen said: "These will be finalized in a month at most."

Noting that he has been in office for 16 months and that he inherited the problem of regulations, Evirgen said: "Everyone threw the problem at each other like a hot potato, and this is an iceberg-like problem the bottom of which cannot be seen." Evirgen said that it is truly difficult to prepare the said regulations. Likening the preparation of regulations on an issue which has not been "reduced to a routine in Turkey" to making a dress without trial fittings, Evirgen said:

"We examined the statutes of other countries on the issue within this framework and prepared our regulations by borrowing clauses that were compatible with our situation."

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